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Professional Notes

Improving the Government Economic Service—

MISTAKES IN GOVERNMENT policy must be the responsibility of Ministers, but reasons for the mistakes, as apart from responsibility for them, are often to be traced to the advice given by officials. Whether the causes of the main errors in the economic policy of the Government in the last two years or so can be found in the memoranda and papers provided for Ministers by the economic services of the Treasury will probably never be publicly known. It may be that officials underlined the dangers of a "soft" Budget in the spring of 1955 and that their warnings were ignored by the Chancellor. Possibly the dangerous over-investment in the economy, for which the Government started applying correctives so belatedly in 1955, was at a much earlier stage correctly diagnosed by officials and the right prescription suggested. Perhaps the failure to prevent excessive liquidity in the banking system, not only last year but even today, is in no way due to wrong forecasting by the permanent staff.

However all that may be, it has been manifest for a long time past that the economic service of the Treasury needed to be both re-organised and strengthened. The main feature of the re-organisation, at last put in hand, takes the form of a change at the top level and a more clear-cut division of responsibility. Instead of the Permanent Secretary of the Treasury carrying the impossibly heavy burden, as heretofore he has tried to do, of being the head of the Home civil service and general manager of the Government machine, on the one hand, and chief of the financial and economic side of the Treasury, on the other hand, the two jobs will in future be shared by two joint Permanent Secretaries.

It is to be hoped that Sir Roger Makins, now Ambassador at Washington, as the new Permanent Secretary in charge of the financial and economic work of the Treasury, will at the outset turn his attention to a strengthening of the staff supplying Ministers with facts, figures and advice on the economy. The number of people in the Treasury doing work of this kind is not to be gauged by the size of the Economic Section alone—indeed, one of Sir Roger's problems may well be that other Divisions of the Treasury also perform functions of the same kind as those of the Economic Section but not always in close co-operation with it—but it is highly significant that this central economic staff contains only about a dozen people. In comparison, the central economic section of Imperial Chemical Industries numbers sixty.

—And its Supply of Statistics

NO STRENGTHENING OF manpower in the economic service of the Treasury and no reorganisation of its structure could be really effective without a better supply of the raw material of economic diagnosis and forecasting —up-to-date statistics. There should be a general welcome for the announcement that new statistics of industrial production and orders are to be collected; that more information is to be obtained both every quarter and annually about fixed investment and stocks in the distributive and service trades; that it is hoped to secure regular statistics of new building and civil engineering work; that a continuing sampling inquiry will provide up-to-date information about consumers' income and expenditure; and that it is planned to improve the balance of payments figures, especially by better estimates of capital transactions. A number of companies are to be invited to provide quarterly estimates of profits to the Inland Revenue, to be treated in confidence, only summaries of the returns being made available outside that Department. One objective is to produce quarterly estimates of the national income and its components.

There has recently been increasing awareness outside Government circles, as well as inside, that economic statistics of a wider coverage than those heretofore available, and produced more promptly, are a prerequisite. It is to be hoped that this growth of figure-consciousness will overcome industrialists' innate aversion to form-filling. Their full co-operation is essential if the lags and lacks in British statistics are to be avoided. For its part, the Government has promised to drop some statistical returns of the less important kind.

New Goods Rates for the Railways

THE TRANSPORT TRIBUNAL has now announced that the draft scheme prepared by the British Transport Commission to govern railway freight charges (see ACCOUNTANCY, March, 1956, pages 82/83) is to be confirmed without alteration to its essential features.

This decision is termed an interim one, and full confirmation of the scheme will be announced at a later date. However, it may be taken that its final shape is now clearly fixed. The fundamental changes that the Commission sought to introduce into railway rate-making—substitution of a cost basis for the *ad valorem* principle ("what the traffic will bear"); establishment of maximum, instead of standard or fixed, charges; the assessment of the rate for a consignment of goods by reference to its "loadability," or the density to which it can be loaded into a wagon—have all found approval with the Tribunal, subject only to the proviso that for certain traffics, principally those which are still carried in owners' tank wagons and consignments over 100 tons, *reasonable*, not maximum, charges must be fixed.

The Tribunal has also confirmed the Commission's view that, in future, all freight charges must meet the whole of the costs involved in the operation of carriage, except where the cost of operating is abnormally high. This could mean, for example, that the trader will not be expected to shoulder the heavy cost to the railways of working an entirely uneconomic goods depot pending, perhaps, its modernisation or replacement by more efficient facilities; but in general the new maximum rates will reflect what it costs the railways to operate under adverse (that is, rather expensive) circumstances rather than under average conditions. These maximum rates, which are admittedly high, may not, of course, bear any resemblance to those which can be obtained in competition with road transport.

There are no words of comfort for those traders who pleaded that a detailed goods classification should be retained as part of the new system, but it is not impossible that a simple guide will be issued by the railways.

On one point, however—the important private sidings traffic—there is a noteworthy concession to meet traders' criticisms. The Commission proposed a single scale of maximum charges to cover all types of transits, whether to or from public goods depots or to or from private sidings. Owners of the latter claimed that as they did not use the expensive terminal facilities, they should be entitled to a reduction from the full rate as hitherto; the Commission replied that the cost of shunting wagons into private sidings was just as high. The Tribunal has refused to accept as conclusive the costings which the Commission put in to prove its point, and the principle of "disintegration" of rates—that is, breaking-down so as to distinguish haulage from terminal and other items of cost—will continue to be applied for the benefit of private siding owners.

The chairman of the Commission, Sir Brian Robertson, recently stated that at least one year must elapse before the confirmed charges scheme can begin to be put into effect.

Receivers Beware!

SUB-SECTION 369 (2) of the Companies Act of 1948 provides that on the winding-up of a company a receiver or manager of the property of a company who is appointed under the powers contained in any instrument shall be personally liable on any contract entered into by him in the performance of his functions to the same extent as if he had been appoint-

ed by order of a Court, except in so far as the contract otherwise provides. In respect of the liability he is entitled to an indemnity out of the assets.

The sub-Section deliberately altered the legal position of receivers appointed "out of Court" by debenture-holders, in order to put a stop to certain abuses—see paragraph 68 of the report of the Cohen Committee. As so often happens, altering the law to prevent sharp practice has made conditions harder for honest men. Accountants who specialise in insolvencies and liquidations will be aware of the dangers, but those who seldom engage in this work may not be so familiar with them.

Great care should be exercised by an accountant who acts as manager for the purpose of continuing the business of the company: trading liabilities, which may be heavy, will normally be incurred as personal liabilities. The main protection is indemnification out of the assets of the company. As long as the assets are sufficient to cover any present and anticipated liabilities, the accountant will be in a reasonably safe position, though even then a common risk, which should be guarded against, is that some equipment or other goods apparently belonging to the company may later be found to be subject to a hire purchase agreement and to be the property of a third party.

If the accountant failed to discover that the goods were held on hire purchase, his failure might be due just to bad luck or to negligence on his part in his professional capacity. If negligence were the cause, it might be possible to sustain a claim under the accountant's indemnity policy, but if there were no professional negligence, the policy could not be invoked.

Trading liabilities incurred by a manager for debenture-holders would not, as such, be covered by the usual type of professional indemnity policy and it is more than doubtful whether any underwriter or insurance company would accept a proposal to cover them. Only two possibilities of further protection remain. As a condition of his appointment, the accountant might seek from his debenture-holders a personal indemnity against possible trading liabilities or losses, but the clients might well be reluctant to consider guaranteeing him for more than a fixed amount. Alternatively the accountant might try to make contracts as manager on the basis that the other contracting party would look solely to the assets for payment, and not to the receiver personally: the words "except in so far as the contract otherwise provides" in sub-Section 369 (2) of the Act are probably intended to allow for such an arrangement. The difficulty would be to persuade the other contracting party to accept contracts on this basis.

If the worst happens, and the debenture-holders leave the accountant to face contractual liabilities incurred by him in the capacity of receiver, another problem could pose itself. If the debenture-holders were to allege that he was guilty of negligence in carrying out his duties as receiver, would the accountant's claim to indemnity out of the assets of the company be affected? There is here an unanswered question, which would interest underwriters and insurance companies as well as the immediate parties. From the accountant's point of view the correct answer may sometimes be of little importance. For if his claim to indemnity out of the assets is *pro tanto* reduced by the amount of the damage due to his negligence, then his insurance may cover the negligence claim. But on occasions the issue may be much less easily resolved, either because the insurance company specifically excludes liabilities incurred as liquidator or receiver from the risks covered by its policies—and some insurers do make such a specific exclusion—or because the accountant might well wish to avoid fighting the issue of negligence in open Court, with all the attendant publicity.

International Conference on Inter-Firm Comparisons

THE FIRST international conference on methods of inter-firm comparison will be held in Vienna from September 17 to 20. It is sponsored by the European Productivity Agency and supported by the European members of the *Comité International de l'Organisation Scientifique*. The programme and the selection of speakers are largely based on suggestions by the British Institute of Management, which is the British constituent member of the international committee.

One of the opening addresses will be given by Mr. E. Fletcher, A.S.A.A., Deputy Director of the European Productivity Agency. Professor F. Sewell Bray, F.C.A., F.S.A.A., Stamp-Martin Professor of Accounting, will contribute a survey of accounting ratios. Professor Bray was the chairman of a working party that prepared a report on accounting ratios, published in ACCOUNTANCY for July (pages 267–71).

Other papers on financial, cost and productivity comparisons will be given by representatives of France, Germany, Austria, the United Kingdom, Sweden, Switzerland and Holland. The languages used will be English, French and German, with simultaneous translation facilities.

Contingencies and Profit

THE CASE *Southern Railway of Peru Ltd.* v. *Owen*—to which the sub-head might be "Should contingencies be deducted in striking profit?" or "What is profit ascertained on commercial principles?"—has already been discussed in three previous issues of ACCOUNTANCY, those of January, 1955 (pages 26–7), March, 1955 (pages 102–3), and August, 1955 (pages 308–9). The House of Lords has now finally settled the case, adversely to the appellant company, which, in effect, rested its case on the ascertainment of profit by "commercial principles." Yet though the appellant company lost, their Lordships rejected, as conclusively as any accountant could desire, the argument that there was any rule of law against providing for future payments in or out because legally they were only contingent. Their Lordships expressly approved the principle in *Sun Insurance Office* v. *Clark* (1912) A.C. 443, in which an insurance company taxpayer was allowed to deduct from its annual income an allowance for unexpired risks on policies outstanding, and said there was no reason to confine

that decision to insurance business.

The full facts of the present case have been set out in the previous articles. Briefly, the company claimed to deduct from its gross yearly profits sums, calculated on salary and length of service, prospectively payable under Peruvian law to its Peruvian employees or their representatives as compensation at the end of their employment. The aim of the company was to achieve a more accurate assessment of annual profits but the Inland Revenue contended that these deductions could not be made, as the liability to individual employees was contingent only.

Their Lordships, however, reaffirmed the *dictum* in the *Sun Insurance* case that the question of what is profit must, primarily, be one of fact to be ascertained by the tests applied in ordinary business. On the substantial facts in the present case it was generally true that when the company had paid all wages and salaries due for a particular year, it had not by any means discharged its financial obligation in respect of the employment of that year.

But, their Lordships pointed out, what the company was doing was to calculate the sum required for each employee if he retired, without forfeiture, at the end of the year, and to set aside the aggregate required in so far as the year had contributed to the aggregate. This amounted only to the creation of a rough reserve. No attempt was made to allow for the possibility that compensation, in individual cases, might be forfeited, although, probably, that was a factor of little importance; the fact that this liability was imposed by legislation, which might be altered, was ignored; and no account was taken of discount although, without discount, there was serious over-provision, as some liabilities might be deferred for thirty to forty years. Their Lordships added they would view with dismay the assertion of legal theories as to the ascertainment of true annual profits which were in conflict with current accounting practice. But the evidence before them did not answer the vital question—was the sum provided an essential charge against the receipts of the trade to allow a true profit to be stated? On this ground they rejected the appeal.

Apart from the broad principle involved—the principle of the ascertaining of profits by commercial principles or commonly accepted accounting practices—this case, on its facts, may become of great importance. Peru, Brazil and possibly other countries also have such legislation for compensation. Compensation is one of the issues in the dispute in this country between the unions and the British Motor Corporation. It is by no means impossible that similar compensation schemes may be widely introduced here.

At the risk of over simplification, we may sum up thus what the House of Lords has decided: "By all means calculate your true annual profit by sound commercial accounting methods. No rule of law prevents you, but we must be satisfied that the methods are sound. In this case several important factors seem to have been left out of account."

Classification in Accounting

CLASSIFICATION IS A fundamental. It offers what is probably the easiest way of establishing order in the world. Basically, every name—indeed practically every word of a language—denotes some form of classification. The danger with a topic such as classification is that it may be taken too much for granted.

Thus, although all accounting involves classification and any advanced form of accounting must bring in coding, it is almost invariably found that the accountant's knowledge of classification and its natural complement, coding, is obtained more or less by instinct and experience. Theoretical knowledge of the subject is normally lacking among accountants for possibly two reasons: a natural tendency to apply techniques rather than to philosophise about them and the lack of literature on the subject.

Dr. Risk's book* is therefore a welcome addition to accounting literature. It serves well the development of accounting as a systematic study. As the author most aptly concludes: "Accountancy has not yet reached the stage of being accepted as a science: if it is ever to do so, it cannot afford to neglect the principles of classification and coding in relation to accounts." And from another aspect—the rapid development of machine accounting—it is important that the principles of classification and coding should be widely understood. It is hardly an exaggeration to say that failure to study the subject can insidiously sabotage the brilliant developments of the accounting machine engineer as no more direct Luddite-like attitude can.

Within no more than sixty-six pages of appropriately coded text plus three short appendices, Dr. Risk deals with the principles of the subject in a masterly manner and still finds space for many practical applications of the principles. Inevitably some differences of opinion will arise in applying these principles. Should bad debts and cash discounts allowed be treated as reductions of income rather than expenses? Should sales be directly reduced by cash discounts available to customers?

The book is primarily for the industrial and commercial accountant but its appeal will not be lost upon academically-minded accountants of other specialised bents. The subject demands an effort at clear thought, but Dr. Risk guides one unfailingly through its intricacies.

G.B.S.—Accountant

THE CENTENARY OF the birth of George Bernard Shaw is producing a spate of mingled blame and praise. Many aspects of his genius are being re-assessed. But few of the commentaries discuss Shaw in his role of business man—one in which he excelled.

G.B.S. always remained his own agent and so continued to the end the business career he began as a junior clerk in a Dublin estate office. When no more than sixteen he was promoted to the position of cashier, in place of a senior member of the

**The Classification and Coding of Accounts.* By J. M. S. Risk, B.COM., PH.D., F.C.W.A., C.A., A.C.I.S. Pp. 79. (The Institute of Cost and Works Accountants, Distributed by Gee & Co. (Publishers) Ltd.: Price 7s. 6d. net).

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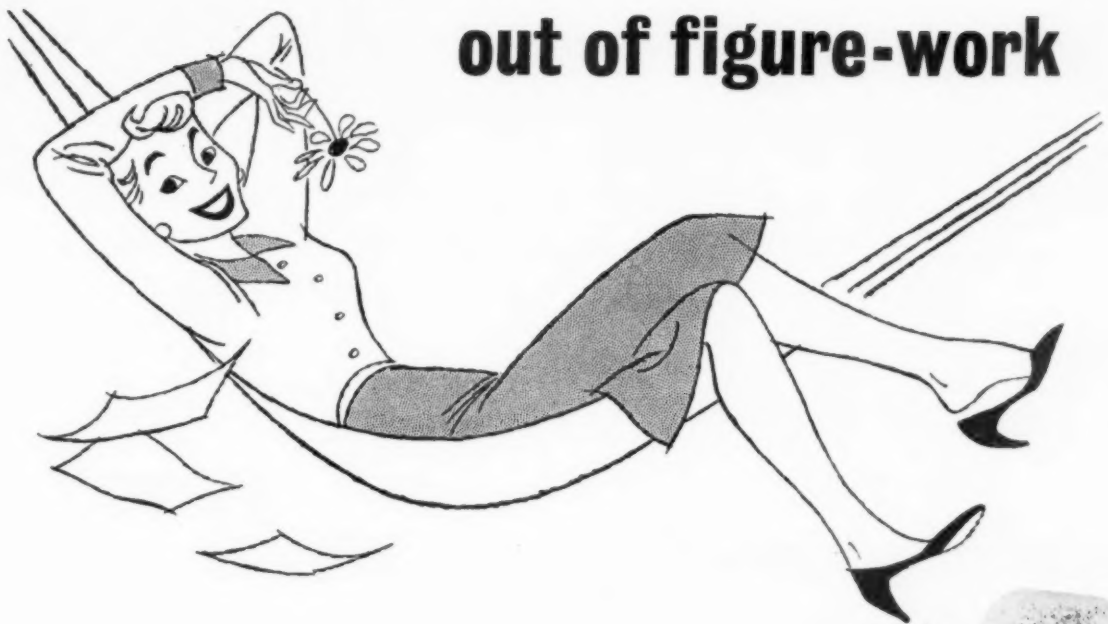

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staff who had "borrowed" from the firm to anticipate a legacy. Shaw was proud of having handled the accounts with such rectitude and accuracy as to become a model for all his colleagues: material for boasting in later life. His salary "shot up from £18 to £72 a year" before he decided to seek fresh fields across the Irish Sea. A testimonial from his employers, dated August 9, 1878, certified that he was "a young man of great business capacity" and was thoroughly reliable.

He made a fortune from his plays, but never lost his passion for the details of contracts and royalties, and his ability to cast a column of figures did not diminish with the years. Towards the close of his long life he derived great satisfaction from manipulating an adding machine with which, at his housekeeper's insistence, he checked up the accounts of his Ayot St. Lawrence household. He had by then become obsessed by the delusion that the harder he worked the poorer he was likely to be. He was continually declaring, in letters to *The Times* and elsewhere, that for every £100 he earned by his writings £147 went to the tax collector.

Nevertheless, aided by his secretary, he prepared his income tax returns with exemplary care, and was complimented by the local Inspector of Taxes for his promptitude, as well as for the methodical setting-out of his income from foreign sources.

Many of Shaw's plays have an economic background. In *Misalliance* he makes one of his characters discourse on book-keeping.

Premiums on Converted Houses

A PREMIUM MAY not be paid or received as a condition of the assignment of a tenancy to which the Rent Acts apply. The prohibition, which was laid down in Section 2 of the Landlord and Tenant (Rent Control) Act, 1949, would not extend to the assignment of a tenancy under which the rent was less than two-thirds of the rateable value, since such a low-rented tenancy falls entirely outside the scope of the Acts.

In *Lower v Porter* [1956] 2 W.L.R. 215, a dwellinghouse which as a whole was within the Acts had been converted by the tenant into two separate and self-contained flats. The tenant assigned his lease of the whole property for a premium. It was argued that the prohibition of premiums did not apply, on the ground that at the time of the assignment there were two dwellinghouses. But the Court of Appeal rejected the argument. In the view of the Court there was still a single dwellinghouse and an assignment of the tenancy of the whole, so that the premium was illegally charged.

The conversion took place before the Housing Repairs and Rents Act, 1954, and before August 30, 1954, which is the material date for the purpose of Section 35 (1) (a) of that Act. Under this provision "separate and self-contained premises produced by conversion after August 30, 1954, of other premises with or without the addition of premises erected after August 30, 1954," are excluded from the operation of the Rent Acts.

What is the position if there is a conversion after August 30, 1954? *Lower v. Porter* and earlier decisions such as *Langford Property Co. v. Goldrich* [1949] 1 K.B. 511, and *Whitty v. Scott-Russell* [1950] 2 K.B. 32, indicate that physically separate premises, such as flats or maisonettes in a house, are distinct entities from the building itself in which they are comprised; though these decisions are now to be read in the light of *Higgins* v. *Silverston* [1956] 3 W.L.R. 448. There work of conversion carried out to the ground floor of a house was held ineffective for the purpose of constituting that flat separate and self-contained premises within Section 35 (1) of the Housing Repairs and Rents Act, 1954, with the result that the flat was still controlled and a premium paid for the grant of a tenancy of the flat was held to be recoverable.

Section 35 (1) (*a*) of the Housing Repairs Act, 1954, is not happily worded. It provides merely that the separate dwellings produced by the conversion, if effective, are not to be controlled, but according to the principle of the above decisions the whole building would, *ceteris paribus*, be controlled. It may be said, therefore, that the tenant of the whole would not be entitled to charge a premium by assigning his tenancy of the whole: the conversion would not assist him in this respect at all. On the other hand, he could charge a premium on a letting of each separate part which would be taken out of the Act by the conversion, and on an assignment of a tenancy of each separate part a premium could likewise be charged.

As property developers sometimes prefer to assign the lease of the whole, once they have got their scheme of conversion on foot, instead of waiting until the development is complete and then dealing with each separate flat, a word of timely warning to them may not be amiss.

Registering Restrictive Practices

ON THE DAY last month that the Restrictive Trade Practices Act, 1956, received the Royal Assent, the first Order was made by the Board of Trade specifying classes of agreements that, if the Order is approved by Parliament, must be furnished to the newly-appointed Registrar of Restrictive Trading Agreements during the three months after November 30. The agreements are those that include restrictions on prices or on other terms or conditions or that involve collective discrimination. They comprise agreements about common prices and conditions of sale, agreements about level or agreed tendering, agreements under which preferential terms are granted to certain persons or traders or supplies of goods are confined to certain persons or traders. These are the most important and most numerous of restrictive agreements.

Details of the method of registering are to be given in regulations that will be made by the Registrar before November 30. These regulations will also lay down the fees to be paid for inspecting the Register and for securing copies of registered documents or extracts from them.

Agreements of the specified classes containing restrictions affecting exports and not affecting supplies to the home market do not have to be registered but, instead, must be

notified to the Board of Trade.

The Act exempts from registration certain restrictive trading agreements —for example, sole agency, patent and trade mark agreements.

It is not known how many agreements will have to be registered. The decision not to register all agreements at this stage was taken so that the Registrar, in the words of the President of the Board of Trade, would have "the best opportunity of getting his register in order and recording those things which deserve registration."

The Order is published as *The Registration of Restrictive Trading Agreements Order, 1956*, by H.M. Stationery Office (price 3d. net).

Under the Act an officer of a trade association, a person carrying on a business, or a director or officer of a body corporate may be required to notify the Registrar whether the association, the business or the body corporate (as the case may be) is party to a restrictive agreement. They may also be required to produce any documents or information demanded by the Registrar. Under pain of penalties for default or false statements, they may be required to attend for examination on oath in the High Court to establish the facts.

It is expected that registered agreements will be coming for trial before the Restrictive Practices Court by the first half of next year.

The legislation as finally enacted is remarkably close, in essentials, to the original Bill (discussed in ACCOUNTANCY for March, 1956, page 84).

Solicitors' Accounts and Accountants' Certificates

ON NOVEMBER 16 there will come into force amendments to the Solicitors' Accounts Rules, 1945, and to the form of the accountant's certificate required under the associated Accountant's Certificate Rules, 1946 and 1954.

Rule 10 of the Solicitors' Accounts Rules is expanded to require a solicitor to keep a cash book or books and a ledger or ledgers distinguishing transactions on a client account from other transactions relating to clients' affairs; and also a record of all bills of costs delivered to clients, distinguishing profits, costs and disbursements. It is also provided that cash books and ledgers may be loose-leaf books or cards, or other permanent records in mechanical systems of book-keeping.

The revised form of accountant's certificate has a new heading identifying the solicitor, his firm, the addresses at which the practice is carried on, whether the solicitor practises alone or in partnership and the accounting period. At the foot, the accountant must give his full name, his qualifications and the name and address of his firm, as well as his signature and the date. In the body of his certificate, the nature of his examination of the books is referred to as being "from my examination pursuant to Rule 4 of the Accountant's Certificate Rules, 1946," instead of, as previously, "from my examination of the books, accounts and records." Rule 4 directs that there should be general test examinations of the account books and bank passbooks and statements, that it should be ascertained that a client account is kept, and that there should be a comparison at not fewer than two dates of the liabilities to clients and to *cestuis que trustent* with the balances to the credit of the client account.

The new Rule 10 is contained in the Solicitors' Accounts (Amendment) Rules, 1956, and the revised requirements for the accountant's certificate are given in the Accountant's Certificate (Amendment) Rules, 1956. Every practising solicitor has been sent copies of the new Rules by the Law Society and has been asked to pass a copy to his accountant. Further copies are obtainable from the Law Society.

The Council of the Law Society expresses the hope that the changes will improve the general standard of book-keeping of solicitors and that the new form of accountant's certificate will facilitate the work of accountants.

Education and Training of C.P.A.'s

MUCH MORE SCORE is placed on university education for the accountant in the United States than in this country. Of the candidates passing the Certified Public Accountants' examination in May, 1953, 83 per cent. were graduates. But the American emphasis upon the university and upon formal academic training will be greatly increased if the recommendations of an independent commission of leading C.P.A.'s and educationalists, just published, are adopted. And the fact that some universities in the United States may have lower standards than those of our universities goes only a limited way in qualification.

The commission, after a four-year study, reports that the long-term aims should be to require as qualifications for admission to practise as a Certified Public Accountant:

1. A university degree, involving study in the humanities and social sciences as well as in accounting and other business subjects.
2. The passing of a special examination, designed to guide universities in selecting students qualified for the professional programme under 3 and 4 below.
3. Post-graduate study in a university on lines drawn up specifically as preparation for public accounting.
4. An "internship" of approximately three months in a firm of C.P.A.'s.
5. The passing of the C.P.A. examination.

In addition to the prime place given in these recommendations to the universities—not only graduation but a year's post-graduate study would be required of every new C.P.A.—the outstanding change is that no practical training in a professional firm would be demanded, apart from the short "internship." The report gives this explanation:

> The Commission recognises the value of practical experience in the training of a public accountant, but it believes that from the long-run standpoint most of such experience should come after the individual has met the prerequisites for the profession through the formal educational process and satisfactory completion of the C.P.A. examination. At the same time the commission considers some exposure to actual accounting operations and procedures to be a highly desirable part of the formal education

> of an individual interested in public accountancy. For this reason the commission is recommending the inclusion of an internship programme as part of the educational requirement.

Most British accountants, we believe, will be amazed at the desire of this influential committee virtually to dispense with practical training. They will see sound sense in the dissenting findings of five of the twenty-four members, who regard practical experience as necessary in developing the competence that should be represented by a qualification to practise public accounting. As two of the minority cogently argue:

> Ours is a "practising," not an academic profession. The public looks upon the C.P.A. certificate as a mark of competence to practise, not a licence to learn how to practise . . . To substitute added schooling for experience is to make topsy-turvy of the wisdom of the past. Instead of recognising experience as the best teacher, it regards a teacher as the best experience.

The five-point requirements given above represent, however, the long-range objective of the majority of the commission, which recognises that to reach this objective may take "one or more decades." In the transitional period, it sets as the goal that the requirements for the C.P.A. qualification should be:

1. A university degree, including either a "major" in accounting or completion after graduation of the equivalent of an accounting "major."
2. Passing of the C.P.A. examination.
3. A minimum of two years of practical experience in public accountancy under the guidance of a C.P.A.

Even the two years of practical experience is much less than is required of a non-graduate in this country and less than for a graduate.

The majority makes a strong point nonetheless when it says that if practical experience is to continue to be required during the transitional period "the profession should itself assume a greater degree of responsibility for the type of training which is to be acquired through such experience." It continues:

> Much of this responsibility must of necessity fall directly on the employing firm, but the profession through its societies should also take more responsibility for the effective development of C.P.A.'s than has been assumed in the past.

The report is *Standards of Education and Experience for Certified Public Accountants*, published for the Commission by the Bureau of Business Research at the University of Michigan, price $2.50 net. A pamphlet containing salient sections of the report has been prepared for members of the American Institute of Accountants and the American Accounting Association.

Allocating Central Costs of Councils

SOME LOCAL AUTHORITIES do not allocate central administrative costs in their accounts, but make special apportionments when preparing grant claims and returns. Others allocate the charges to grant-aided services only. Still others allocate these costs also to those services that are in the nature of trading services, in the attempt to show in the accounts the true profit or loss on trading. The logical and best practice, it seems to us, is to allocate central administrative costs over all the services of the authority and we applaud the recommendation to this effect put forward by the Institute of Municipal Treasurers and Accountants in their publication *Form of Published Accounts of Local Authorities* (reviewed on page 393 of our issue of October, 1955.)

The main advantage of a complete allocation is similar to the main advantage of uniformity in published accounts. Effective comparisons can be made among different areas in the costs of their services. The value of the various costing returns, summaries of rates levied for various services, information given on rate demand notes and the like, is seriously impaired if costs are not ascertained on uniform principles.

Reluctance on the part of some authorities to the making of a complete allocation seems to be largely due to the difficulty of finding and applying accurate bases of calculation.

If a complete apportionment of officers' salaries is made, it is usual to take the estimated time spent on jobs on particular services. If time sheets are kept, the allocation is as accurate as it can be. But generally they are not kept, and then only a rough estimate can be made, a large part of the salaries often being charged under the "general" or "miscellaneous" headings. The recommendation of the Institute of Municipal Treasurers would require the salaries of officers in the Town Clerk's, Borough Treasurer's, and Borough Engineer's departments to be charged completely to services, so that the accounts holding these salaries would have no balances left in them.

Office accommodation gives rise to another large part of central administration costs. The cost of maintenance of offices, a considerable item, should be charged over the services benefiting. Allocation according to floor space is not always convenient or appropriate, since officers engaged on duties for different services are often accommodated in the same room. A short-cut method, which appears to be as accurate as any, is to allocate the costs of office accommodation in the same proportions as salaries.

This whole subject was dealt with comprehensively in the research study *The Allocation of Central Administrative Expenses*, by G. L. Cramp and E. S. King, published in 1952 by the Institute of Municipal Treasurers. The basis upon which central administration expenses should be allocated were fully discussed, and strong arguments were put forward for complete apportionment.

Pioneer Associations of Accountants 2—The Netherlands

DOUBLE-ENTRY book-keeping was an art practised in the Netherlands at least as early as the sixteenth century. The first extant treatise on the subject was published in Dutch in 1543, the author being Jan Ympyn Christoffels, a merchant of Antwerp who deserves to be remembered, not only on this account, but also because he was the

innovator of the modern trial balance. He did not live to see his book through the printing press. As he had been a resident in Venice for about twelve years, it is not surprising to learn that Ympyn's work *Nieuwe Instructie* was, in fact, a translation from the Italian of Paulo di Biancy, a writer with whom he was personally acquainted.

The book-keeping foundations were, therefore, laid in the Netherlands some hundreds of years ago, and, indeed, Holland has always been renowned for the care paid by merchants to their accounts. "When a man breaks in Holland," wrote Sir Richard Steele in *The Spectator* in 1711, "they say of him that he has not kept true accounts."

One cannot help wondering, in these circumstances, why the profession of accountancy should have developed in the Netherlands so slowly, and so late: for it was not until 1880 that the first public accountant's office was established there. However, from then onwards advance was rapid and by 1905 there were four pioneer societies of accountants in existence.

The oldest of these is *Het Nederlandsch Instituut van Accountants*, founded in 1895, with a membership originally divided into first and second class. The examinations, in 1900, included three modern languages, general commercial knowledge, mercantile law, and book-keeping. In 1902, a second body was formed: the *Nederlandsche Bond van Accountants*, its membership being composed, like that of the Institute, of a higher and a lower category. Starting its career in the same year was the *Nederlandsche Acadamie van Accountants*, in which a similar internal dichotomy is to be noted—the two classes of members were the practical accountants and the teachers of accountancy and book-keeping. A fourth society, the *Nationale Organisatie van Accountants*, came into being in 1903, the ordinary members being those who had been engaged in commerce or industry for at least ten years, and in accounting practice for at least two years. "First-class" members were those who had been ordinary members for three years. Having blazed the trail, the four bodies decided in 1934 to amalgamate under the title *Het Nederlandsch Instituut van Accountants*.

The *Vereniging van Academisch Gevormde Accountants* was formed in 1927. It has some 150 members, all trained in universities. It works in close co-operation with the Netherlands Institute and the two bodies have uniform rules of professional conduct. They are the sponsoring bodies for the International Congress of Accountants, to be held in Amsterdam in September, 1957 (see ACCOUNTANCY, May, 1956, p. 161).

Shorter Notes

Incorporated Accountants on National Service

As reported on page 377 of this issue, the Council of the Society of Incorporated Accountants has resolved that from January 1, 1957, the membership subscription of a member serving compulsory full-time National Service in H.M. Forces on January 1 in any year shall, on application by the member in writing, be waived for that year, provided always that the waiver shall not be made for more than two years. The Secretary of the Society advises that details of this concession will be given in subscription reminder notices sent to members next January, and any member who may be eligible should await the receipt of the notice before making application for the waiver of subscription.

Incorporated Accountants' Course at Cambridge

Some 120 members of the Society will gather together at Gonville and Caius College, Cambridge, from September 20 to 25 for the Incorporated Accountants' Course.

Articled Clerks and National Insurance

A recent decision by the Minister of Pensions and National Insurance was that an articled clerk to an auctioneer, whose articles provided in express terms for wages to be paid to him, was an employed person gainfully occupied for the purposes of the National Insurance Act, 1946, although in fact he did not receive wages. In accordance with the real intention of the parties, payments were made to the clerk's father in repayment of the premium. The general position of articled clerks under the national insurance scheme was summarised in ACCOUNTANCY for October, 1955, pages 363/4.

Revision of Bankruptcy Rules

By the Bankruptcy (Amendment No. 2) Rules, 1956, the Bankruptcy Rules of 1952 are amended to enable the offices of the Chief Bankruptcy Registrar to be closed on Saturdays. Saturdays are to be excluded in computing time limits of less than six days prescribed by the Rules. Evidence of judgments on applications for the issue of a bankruptcy notice may include evidence of judgment of Courts other than the High Court or a County Court.

O. & M. in the London Boroughs

The report for 1955/56 of the *Metropolitan Boroughs' (Organisation and Methods) Committee* records another year of valuable work done in reviewing the organisation and procedures of many of the London boroughs. Much of the work resulted in large savings of costs, though its purpose was to improve the effectiveness of services as much as to achieve economies. Many of the assignments were specifically in Finance Departments. A limited number of copies of the report is available without charge from the Director of the Committee, Mr. H. J. Dive, at Westminster City Hall, Charing Cross Road, London, W.C.2.

Income Taxes Outside the Commonwealth

A book with this title is being prepared by the Inland Revenue. Publication will be in parts, as they are completed. The volume will be in loose-leaf form to facilitate amendment and expansion. Loose-leaf supplements are to be issued from time to time. Parts 1 and 2, summarising the income tax laws in the United States and the Republic of Ireland, respectively, are now published at 35s. (postage 1s. 6d. extra) by H.M. Stationery Office.

Accountants of the Bulldog Breed

Playing a game of "British Bulldogs" at a Church Lads' Brigade meeting, a boy put his right arm through a glass partition. He was awarded £1,450 against the Brigade last month, reports the *Manchester Evening News* and continues: "There was some disfigurement of the upper arm and loss of grip. He had hoped to be a miner until the accident. He was now with a firm of accountants."

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EDITORIAL

Security and the Sack

NOTICES of dismissal—redundancy notices in the new jargon—have been the most prominent of the industrial fruits of a chilly economic summer. This crop of redundancy notices has provoked more new thinking about labour relations than in all the decade of wage spiralling that went before. At first "automation" seemed to be the operative word. But the dispute at the British Motor Corporation, now happily settled, showed abundantly that the point at issue is a wider one than automation.

Before the war, when large-scale unemployment was a commonplace, dismissal was an automatic consequence when the employer had no work for his employee. And though the social conscience was stirred by the unemployment, it was not generally questioned that peremptory dismissal was all the redundant worker could expect. In the post-war years, full employment caused people, until very recently, to put the question right out of their minds. When, earlier this year, the dispute at Standard Motors aroused public comment on the issue for the first time since pre-war days, it was widely said that the workers' resistance, in "the first automation strike," to their displacement by machines, was at best foolish and at worst anti-social. But it soon became apparent, especially after the summary dismissals by the British Motor Corporation, that there is now a widespread feeling that the worker has a right to something more than summary sacking. What this something should be, and how much it should amount to, remains to be settled.

People who might otherwise use the argument that men who had been earning good money ought to have saved for the showery day realise increasingly that they are themselves usually protected from economic inclemency. Large numbers of the population, the professional and near-professional middle classes, are in employments which they reasonably regard as secure: in which no automation or credit squeeze is likely to put them out of work. It could be that automation might make it desirable, in the interests of the country, for Mr. A. to leave his work in a bank in London and take up an insurance round, or even some less congenial work, in Cardiff; but Mr. A. knows quite well that he will not be called upon to make the break. His bank would, in such circumstances, employ him on other work—probably not at all economically. And in due course, when he retired, the bank would replace him by a girl from school. There are something like 100,000 bank clerks in England and Wales; add to them the insurance clerks, the teachers, the railway clerks, the established civil servants—indeed all the pensionable men and women, including very many accountants—and you have a formidable group of people who are becoming chary of throwing stones labelled "anti-social."

So public opinion, while seeing the necessity for mobility of labour, is more concerned than it has ever been that "redeployment" shall be as painless as possible. The trade unions, on the other hand, seem to be lagging sadly behind. In the security of full employment, they were over-concerned with wages; it is now time for them to do some hard thinking about redundancy. The more responsible union men, and their leaders, know well that automation will advance, and that it will be in everybody's interest to promote the advance. They know, too, that any kind of insurance against summary dismissal will have to be paid for. How the payment is to be made is a matter for negotiation—and so is the form to be taken by the insurance. In the United States Mr. Reuther, following other less known pioneers there, has found one way, in the so-called "guaranteed annual wage" agreement negotiated last year by his United Automobile Workers Union. The direction in which some in Britain are now thinking is well expressed by a Cambridge economist, Mr. S. R. Dennison, writing about automation in the current *National Provincial Bank Review*. To impose the costs of compensation for dismissed labour upon the individual business, he says, is to increase the cost of economic change and to delay technical progress. "There are," he goes on, "serious dangers in requiring individual firms to meet the social costs of change, and much to be said for spreading them, as the benefits are spread, over a larger part of the community."

Management as well as the unions must be concerned in working out the answer to the problem of security. It seems reasonable to believe that most people would be happier to see negotiations of this kind going on than to be the observers—and the victims—of endless and essentially fruitless wage disputes. There will be some headaches, on both sides, on the way. Management will not need to be reminded of the strength of the unions. The unions may not be so ready to remember that any security of work, however apparently certain it may be, must depend on the security of the employer's business, which in its turn may depend in the last resort upon the prosperity of the country as a whole. In a bankrupt country there are very few safe occupations.

But there are many stages short of bankruptcy. It is a sobering thought that, since nationalisation links the solvency of an industry with that of the community, a miner could conceivably obtain a security of employment superior to that of any employee of any "private" employer. That the possibility is so remote is perhaps as good an indication as any of how laggard thought on the matter has so far been.

Business operations can be streamlined and economies can be made by the use of microfilming. But when and how to microfilm in a business demands careful examination.

Microfilming in the Office

by B. G. Harrison, A.S.A.A.

MANY YEARS AGO the American banks found it necessary, for legal purposes, to keep a copy of all customers' paid cheques. It was decided to make a photographic copy of each cheque before it was returned to the customer, and the banks became the first large commercial users of microfilm.

It was not until the beginning of the war that many British companies became interested in microfilming records. Microfilm copies of essential documents were made; these copies took up only a small amount of space in fire-proof and bomb-proof vaults. The shortage of office space and its high rental value since the war have now led many concerns to microfilm routine documents that have to be retained for several years. Large areas of space formerly occupied by files of documents have thus been released for more productive purposes.

Microfilming has other advantages, however, besides the saving of storage space. The purpose of this article is to describe the various applications and advantages of microfilming and to point out the matters that require consideration when microfilming equipment is being installed.

Applications of Microfilming

1. The most obvious use of microfilming is to supplement or replace a conventional filing system, as follows:

(*a*) Essential records may be microfilmed and stored safely, so that an exact copy will be available if the original is lost, or destroyed by fire;

(*b*) Voluminous routine documents which must otherwise be retained for several years can be microfilmed and then destroyed.

2. Microfilming may form an integral part of the accounting system when it makes it possible:

(*a*) to eliminate the creation of a document or copy of a document;

(*b*) to eliminate the transcription of information from one document to another; or

(*c*) to free the original document for other purposes.

For example, some businesses, whose traffic clerks used to copy detailed particulars from dispatch notes which accompanied all goods outwards before they left a factory, now microfilm the dispatch notes, thus speeding the departure of goods and eliminating repetitive clerical work.

3. Microfilming may facilitate internal audit procedures. This application has recently been developed in the United States. Long visits to depots and branches, retention of their current records, and interruption of their normal work have ceased. The documents selected for audit are microfilmed in a few hours after a branch has closed in the evening and the detailed checking is done in the auditor's own office. It is not inconceivable that the professional auditor of the future may develop this technique.

4. Oversea subsidiary companies and branches which send frequent detailed returns to head office may photograph them on a short length of microfilm, mount them on thin card and send them by airmail at low rates.

The Advantages of Microfilming

1. Primarily, there is a great saving in space. It is claimed that microfilm records require as little as one per cent. of the space taken up by document files.

2. Rapid reference can be made to microfilm copies of old records, and time is saved.

3. Microfilm records are clean, whereas old documents collect heavy layers of dust.

4. Microfilm records, unlike documents, cannot be removed from a file and lost.

5. The camera cannot make a copying error.

6. Microfilm lasts longer than paper and is not easily damaged.

7. Microfilm is non-inflammable, and though the emulsion will melt at high temperatures, the cost of providing fire-proof cabinets for such compact records is not excessive.

8. Copies of microfilm records can be made on "daylight" photographic printing paper, which does not require the use of a darkroom.

9. An office junior can operate the equipment after instruction for an hour or two.

10. The cost of the equipment is not excessive, being offset by economies in files, filing cabinets, and office space.

Investigation for Microfilming

A complete survey of office records and filing systems should be made before microfilming equipment is installed, attention being given to the following matters:

1. The volume of records of every kind. No advantage is gained by microfilming documents that are few in number and can be filed in a small space, unless they are records of vital importance, when microfilm copies may be made that can be stored in a fireproof safe so that they will be available if the originals are destroyed.

2. The periods for which records are retained. Records that are kept for only a few weeks or months are not worth replacing with microfilm.

3. The destination of all copies of documents raised. In a large organisation it is possible that file records may be duplicated in different departments. Such duplication should be eliminated, and only one copy of a document should be microfilmed.

4. The documents themselves should be examined. Their size, condition and legibility will determine whether they are suitable for microfilming, and the kind of microfilming equipment to be used. Practical problems concerning their condition may arise. For example, copies of sales invoices may be stapled together in daily territorial batches. It will be necessary either to remove the staples before microfilming, or to dispense with stapling altogether, and find a more temporary method of fastening them together.

5. Frequency of reference. If reference to documents is frequent it may be desirable to install several "readers."

6. Integration into the accounting system. The primary benefit of microfilming is the saving of storage space, and this is obtained if it simply replaces the ordinary files. But greater economies can be obtained if microfilm forms an integral part of the accounting system, and a survey of office procedures should be made with this end in view.

7. In a large organisation, microfilm equipment may be installed initially in one or two departments where the benefits to be derived from its use will most obviously be gained. In time, a central microfilming section should be established in co-ordination with the central filing section to serve all office departments.

The Selection of Microfilming Equipment

Microfilming equipment consists of a "recorder" in which documents are photographed on 100 or 200 foot reels of 16 mm. film (35 mm. equipment is also available, but this is used for photographing workshop drawings and is not economic for office records), and a "reader" in which the microfilmed records are viewed when reference is made to them. Several models of separate and combined recorders and readers are available, and the particular equipment to be used should be selected having regard to the nature and volume of the records to be microfilmed.

If microfilm is simply to replace the conventional filing system in a small office, it may be convenient to arrange for the recording to be done periodically by an outside firm which provides a confidential microfilming service. It will not then be necessary to purchase a recorder, which is by far the most expensive part of the equipment: only a reader and filing cabinet will be required.

In a larger office, in which microfilming of records will be going on almost continuously, or in which microfilming is to form an integral part of an accounting system, it will be necessary to install a recorder. The recorder operation may be manual, semi-automatic, or fully automatic:

(*a*) If the recorder operates manually, documents are inserted, the camera is operated, and the documents removed, by hand;

(*b*) If it operates semi-automatically, documents are fed into electrically-driven rollers by hand, and automatically photographed and ejected;

(*c*) If operation is automatic, a simple automatic feeder can be used for inserting small documents of uniform size and in good condition, when the paper is of reasonable quality—for example, cheques. A more elaborate suction feeder will insert documents of different sizes and paper qualities—for example, suppliers' invoices.

Automatic feeding is much faster, and is useful when a very great volume of documents has to be microfilmed.

The manually operated recorders will accept only documents up to a maximum fixed size of 12 inches by 14 inches. The other recorders will accept documents of any length, but not exceeding 11 inches in width. One such recorder will photograph both sides of a document simultaneously, so that they appear side by side on the film, and with this equipment it is possible to microfilm documents up to 22 inches wide if they are first folded in half. Such equipment is also necessary where it is desired to microfilm both sides of documents. On some recorders it is possible to select a single or double run of film. If the writing on the documents is reasonably clear, they can be recorded using only half the film width. The film is then run through a second time and a further batch of documents is recorded on the other half of its width. Documents which are not easily readable should be recorded using the full film width.

A recorder and reader combined in a single unit is available, and this is suitable if reference to the microfilmed records is likely to be infrequent, and will not unduly interrupt the work of microfilming. If reference is likely to be fairly frequent, it will be necessary to install one or more additional separate readers in various parts of the office.

A small filing cabinet with drawers designed to hold reels of microfilm and a processing outfit for making prints are also required. For making prints, the reader is used as an enlarger, and the developing processes can be carried out in daylight.

The Establishment of a Microfilming Routine

When it has been decided to install microfilming equipment, a definite operating routine must be set up which gives attention to the following matters:

1. A suitable location must be found for the recorder and the reader. If reference is frequent and several readers are required, these should be installed in the

offices referring to the microfilm.

2. A timetable for microfilming must be established to ensure an even flow of work. The most convenient stage in the life of a document for microfilming must be chosen—for example, on creation, before temporary filing, or before destruction.

3. Documents must be sorted into an order to facilitate reference, before microfilming. A reliable system of indexing reels of microfilm is also necessary.

4. Original documents must not be destroyed immediately thay have been microfilmed. They must be retained until the microfilm copies have been returned by the manufacturers after processing, and the legibility of the microfilm has been checked. They must also be retained for the period during which they may be required for audit.

The great increase in the rateable values of commercial premises is the outstanding feature of the recent revaluations. The increase is put in a comparative setting with the aid of statistics recently published.

The New Rating Valuations

[CONTRIBUTED]

THE RECENT ISSUE by the Ministry of Housing and Local Government of a supplement to the annual *Return of Rates and Rateable Values in England and Wales* presumably completes the official published statistics on the new valuation lists. The supplement, which contains a plethora of information about the composition of rateable value in administrative counties, county boroughs and the London area, is a purely factual document. Unfortunately it does not contain detailed comparative figures for the old lists and the omission detracts somewhat from its value—but it is doubtful whether corresponding figures for the valuation lists in force prior to April 1, 1956, are anywhere in existence. By combining certain information in the supplement with figures in the main return, it is possible to compare very broadly the effect that the new lists have had on the rateable value of the different types of local authority in England and Wales.

Table I shows how the new total rateable value of £623 million is distributed between the different types of local authority and makes a comparison with the figures that appeared in the valuation lists in force at April 1, 1955. Total rateable value has increased by £261.2 million, or 72.2 per cent. Rather surprisingly the county boroughs, which generally comprise the greater concentrations of population and property, account for the lowest percentage increase of the five types of local authority. London, as might be expected, shows the largest increase. The table also gives the percentage of rateable value contributed by each type of local authori-

TABLE I

Analysis of Rateable Value between Types of Local Authorities in England and Wales

Type of Authority	New Lists at April 1, 1956		Old Lists at April 1, 1955		Increase	
	Amount (£ million)	Percentage of Total	Amount (£ million)	Percentage of Total	Amount (£ million)	Percentage
County Boroughs	187.1	30.0	111.2	30.7	75.9	68.3
Non-County Boroughs	156.2	25.1	89.4	24.7	66.8	74.7
Urban Districts	95.3	15.3	55.2	15.3	40.1	72.6
Rural Districts	79.5	12.8	46.8	12.9	32.7	69.9
London	104.9	16.8	59.2	16.4	45.7	77.2
Totals	623.0	100.0	361.8	100.0	261.2	72.2

ties to the total of both the new and the old lists. The concentration of rateable value is still mainly in the county borough areas, but a comparison of the figures in the old and new lists does not indicate any great shift in proportionate rateable value. The two sets of figures are remarkably alike, although individual authorities within each group will obviously show very wide variations in the percentages by which their rateable values have been increased. The general conclusion to be drawn from the table is that, at any rate as between different types of local authority, there seems to have been uniformity of treatment by the valuation office staff.

While Table I is interesting as far as it goes, from the point of view of the ratepayer it is more to the point to consider the effect the new lists have had on the rateable value of the different classes of property rather than upon the different types of local authority. The supplement just published by the Ministry of Housing does not give this information but the earlier White Paper entitled *Distribution of Rateable Values between Different Classes of Property in England and Wales* (see ACCOUNTANCY for April, 1956, pages 114–5) bridges the gap. The comparisons made by the White Paper are between rateable values contained in the new lists and those in the old lists, which were current at December 1, 1955, about the time when the new lists were published. According to the old lists current last December, the total rateable value of the country was £366.6 million. The total rateable value in the new lists, which was stated at £623 million, revealed an increase of nearly 70 per cent. on the old figure and this increase is spread over the six main groups of property, as shown in Table II.

Very little comment on these figures is necessary, because they speak for themselves. The increase in the rateable value of domestic properties is much smaller than for shops and commercial premises, industrial and freight-transport property, for domestic premises have been valued on the basis of 1939 rents whilst the remainder have been valued on post-war figures. Crown property has not yet been re-valued; the work is now in progress.

Perhaps the most interesting table in the Government's White Paper is the one showing the percentage distribution of rateable value over the same six main classes of property. Table III reproduces this information.

TABLE II

Comparative Rateable Values of Types of Premises in England and Wales

Class of Property	New Lists (£ million)	Old Lists* (£ million)	Percentage Increase
Domestic ..	307.8	219.3	40.3
Shops	89.0	39.4	126.1
Commercial and Miscellaneous ..	170.1	77.1	120.4
Industrial	39.1	15.4	154.2
Freight-Transport	1.5	0.7	116.0
Crown (not yet re-valued) ..	15.5	14.7	5.9
Totals ..	623.0	366.6	69.9

*At December 1, 1955

Table III is well worth studying. The figures show in a very clear way the net result of the re-valuation. The rate burden on domestic premises has been reduced by something like 1/6th in total. The four remaining classes of property (excluding Crown property) suffer an increase of rate burden, to compensate for the reduction gained principally by domestic premises. Let it be noted that on industrial premises, which are substantially de-rated, the burden has gone up by virtually 50 per cent. The total of rates on industrial premises is, however, small by comparison with that on shops, offices and other types of commercial premises. It is perhaps cold comfort to remind the occupiers of commercial premises that the old lists were really old, in that in most areas they had not been materially altered since 1934. Yet in fact the re-valuation has merely reflected the changed value of money between 1934 and 1955, and there appears to be ample evidence to justify the new figures from some of the rents which are being paid in urban areas for shops and business premises. It is not easy, nevertheless, to answer the argument that justice is not done if commercial premises are

TABLE III

Comparative Distribution of Rateable Values among Types of Premises in England and Wales

	Domestic	Shops	Commercial and Miscellaneous	Industrial	Freight-Transport	Crown Property*
Percentage Distribution of Rateable Values in New Lists	49.41	14.29	27.30	6.27	0.24	2.49
Percentage Distribution of Rateable Values in Old Lists	59.83	10.74	21.05	4.19	0.19	4.00
Percentage Increase or Decrease ..	—17.4	+33.1	+29.7	+49.6	+26.3	—37.7

*Not yet re-valued

valued on a basis different from that upon which domestic premises are valued. On the average the old values of commercial properties have gone up between two and two-and-a-half times. The anomalous position created by re-valuing domestic premises on the 1939 basis is thrown into sharp relief by the figures in Table III. However, the absence of up-to-date information about rents operating in a free market for houses and the complications arising from the Rent Restrictions Acts made the adoption of a post-war rental basis for domestic premises virtually impracticable. It may be some small solace to the occupiers of business and commercial premises to realise that the 1939 basis for valuing houses is intended to operate only for the period of the first new valuation list —that is, until 1961—so that the shift of rate burden from the domestic occupier may be of transitory significance.

One very noticeable feature of the new valuation lists is the disparity between the scales of increases in the north of England, the midlands and the south. Values in the north have not risen anywhere near as much as values in the midlands and the south. In the industrial midlands particularly, increases have been much higher than in the industrial north. Taking the large towns as a sample, in twelve northern county boroughs there are percentage increases in total rateable value of less than 50 per cent. Only one midland county borough and two county boroughs in the south fall into the same category. At the other end of the scale, in nine midland county boroughs values are increased by more than 90 per cent. Three southern county boroughs fall into the same group, but the north is unrepresented in this group. This geographical disparity has caused a fair amount of comment. The justification, put forward of course mainly by the representatives of northern authorities, is that their old values were on a much more realistic basis than the remainder of the country and therefore it could not be expected that the new lists would result in as high percentage increases as rating areas in the midlands and the south.

In our issue of last June (pages 212–4) our contributor explained the Budget proposals for pensions for the self-employed. He now shows how the original proposals have been changed in the Finance Act as finally passed. The assurance offices are now beginning to frame their schemes and we intend to published an interim discussion of the details in our next issue.

Pensions for Practising Accountants

by T. A. E. Layborn, C.B.E.,

Fellow of the Corporation of Insurance Brokers

THE ORIGINAL PROPOSALS for enabling self-employed persons to build up pension rights out of untaxed income received quite far-reaching amendments as the legislation went through Parliament. The main alterations, which were to the further advantage of some of those who benefit from the provisions contained in Sections 22–26 of the Finance Act, 1956, are fourfold.

(1) The basic contributions that may be made by those eligible are increased from the previous limit of 10 per cent. of taxable income earned in respect of non-pensionable employment or £500 (whichever is the less) to 10 per cent. or £750 (whichever is the less).

(2) Some allowance is accorded for past service. Those born before 1916 may increase the percentage scale of their contributions on a graduated basis, as shown in the next column. The change thus makes the benefits considerably more attractive for men and women over forty years of age.

Date of birth	*Maximum Contribution ranking for relief (the lesser of (i) and (ii))*	
	(*i*)	(*ii*)
		percentage
1914/15	£825	11
1912/13	900	12
1910/11	975	13
1908/09	1,050	14
1907 or earlier	1,125	15

A word of warning is necessary. The increase in the permitted contribution applies only if the individual neither receives nor will receive *at any time in the future* a pension in respect of any office or employment formerly held. There is no stipulated minimum: a pension of £1 per annum would be sufficient to prevent any increased contributions being made.

A self-employed person now over forty years of age,

who in his early business days was a member of a pension fund or scheme and on leaving service elected to receive a paid-up pension payable from some future date (the paid-up pension might have been provided entirely out of his own contributions), is thus heavily penalised for his abstinence and thrift. If he had taken the benefit in cash at the time of leaving the fund he would now be able to take full advantage of the concession granted to the over-forties.

It is to be hoped that in the next Budget this restriction, which is unjust and altogether too sweeping, will be removed.

(3) Benefits may now be enjoyed by the "two-job" man, who is engaged partly in pensionable employment and partly in non-pensionable employment. Broadly speaking, he may contribute up to 10 per cent. of his non-pensionable remuneration, provided it does not exceed £750, less 10 per cent. of his pensionable remuneration in the year of assessment. The provision is of considerable value to an accountant who may in a personal capacity hold a pensionable employment as secretary or accountant to an institution or association, and at the same time practise on his own or in partnership. Similarly, it will benefit the doctor who holds a specialist pensionable employment under the National Health Act and also has a private practice, and the solicitor who practises and also holds pensionable employment as clerk to a parish council. The change brings within the orbit of benefit a number who were previously outside it.

Some illustrations may be useful. Mr. A., Mr. Y. and Mr. Z. are all under forty years of age.

(*a*) Mr. A. earns £750 a year in a pensionable employment, in a particular year of assessment, and £1,000 in non-pensionable employment in the same year of assessment. His maximum contribution for that year is £100, made up as follows:

10 per cent. of £1,000=£100,
£750, less 10 per cent. of pensionable remuneration (£75)=£675,
which is greater than 10 per cent. of his non-pensionable employment, so he may contribute the full £100.

(*b*) Mr. Y. earns £2,000 in a particular year in pensionable employment and £2,000 in the same year in non-pensionable employment. His contribution for that year is £200, made up as follows:

10 per cent. of £2,000=£200
but £750 less 10 per cent. of his pensionable remuneration (£200)=£550, so he can contribute the full £200.

(*c*) Mr. Z. earns in a particular year £7,500 in pensionable employment, and £2,500 in the same year in non-pensionable employment. He cannot make any contribution, because £750 less 10 per cent. of his pensionable remuneration = *nil*. Consequently, he is not entitled to any benefit.

It will be seen that it is only when the pensionable remuneration exceeds £7,500 that no contribution can be made in respect of the non-pensionable remuneration. If a "two job" man was born previous to 1916 his contributions may be increased in accordance with the foregoing table. Suppose he was born in 1910 and £2,000 of his income arose from non-pensionable employment: then he would be entitled to contribute 13 per cent. of £2,000, that is £260. This amount would, however, be reduced if £975 less 13 per cent. of his pensionable earnings was a smaller amount than £260. Thus the maximum pensionable earnings this individual could receive without the amount of £260 being reduced would be £5,500, since £975 less 13 per cent. of £5,500 equals £260. If the pension from the pensionable employment is small, and out of proportion to the earnings from the pensionable employment, another change in the original provisions is of considerable assistance—see (4).

(4) It is open to a person who is in pensionable employment to renounce his pension rights, and so to qualify for full benefit. Thus Mr. Z. referred to above may renounce any pension in respect of his pensionable office or employment; he could then be entitled to make a contribution of £750, or even more were he over forty. This right of renouncement also applies to a "one-job" man, so that if his pension from the one job was small in comparison to his remuneration, he could renounce his pension rights, and would then be entitled to make provision for himself on the basis of the self-employed. A "two-job" man would need to weigh up carefully what his future non-pensionable remuneration was likely to be before he decided to renounce any specific pension rights from his pensionable employment.

The original provision remains that one may choose any age between sixty and seventy as that at which the pension shall commence; it now appears clear that the chosen date may be accelerated or delayed within those limits. For example, if age sixty-five were originally chosen, then the pension may actually be commenced at age sixty, but naturally for a lesser amount, or delayed to age seventy, for a larger amount.

The assurance offices and private trusts are now giving serious attention to the terms and conditions they propose to offer. No doubt many will offer—in addition to the benefits allowed by the Act—a variety of what may be called "alternative trimmings." The cost of the trimmings will be disallowed for full tax relief, but may result in a more comprehensive form of cover. It appears doubtful if the trimmings can be included in the same policy, but the ingenuity of the offices will no doubt result in suitable "package" contracts.

A permissible benefit, one which to accountants and other professional men is likely to prove attractive, is a pension to the widow, whether her husband dies before or after the chosen pension date. A number of professional men over forty are enjoying good incomes but have little capital, and their incomes cease entirely on their death. A pension to the widow for the rest of her life, even if the breadwinner died the day after the first premium was paid, would be a most valuable cover. Benefit of this description would probably necessitate some form of medical evidence at the outset.

There are a number of administrative problems to be solved. A few of them are:

(*a*) Obtaining continued proof that an individual is self-employed;

(*b*) Obtaining proof of his self-employed earnings;

(*c*) Obtaining proof of his pensionable earnings;

(*d*) Obtaining proof of any other pension being received—or, more difficult—to be received;

(*e*) Determining for how long contributions in excess of the correct percentage of earnings can be carried forward. The problem is an acute one, for both assurance offices and trustees of self-administered funds, for it is only the interest earnings from the allowable contributions that enjoy freedom from income tax.

It is hoped that all the administrative difficulties will be cleared up when the Inland Revenue issue their regulations. It is hoped to discuss these regulations, and to give some details of the types of cover on offer, in a subsequent article.

When there is a two-way flow of services between the departments of a business, costs have to be allocated reciprocally to the departments. The arithmetic solution often given is defective and our contributor refines it.

Reciprocal Costs

by A. J. G. Sheppard, B.SC.(ECON.), A.C.C.S.

THE ALLOCATION OF overhead costs to cost centres and cost units is a familiar process. First, costs are allotted to production centres and service departments; then the cost of the service departments is ascribed to the production departments that they serve; and finally the overheads of each production department are charged to the output passing through it.

Assume that the expenses of various departments are:

Department	Costs allocated	Departments served		
	£	X	Y	Z
		Percentages		
X	400	80	10	10
Y	590	5	90	5
Z	800	7½	5	87½

To find the true cost of each department it is necessary to take into consideration the fact that part of the cost already allocated to one department (for example, department X) are really costs of other departments (Y and Z) because a part of the services of the first department (X) are consumed not by the units produced in that department but by units produced in the other departments (Y and Z). Thus, the personnel department of a business receives services from the accounts department.

However, it must also be remembered that parts of the cost of other departments (Y and Z) are really a cost allottable to the first department (X), for part of the services of the second two departments (X and Y) are consumed by the first (X). Reciprocal costing aims to cope with this two-way relationship of cost allocation. The gross cost of a department includes a part of the costs allocated to other departments of the business, while the calculation of its net cost must allow for a part of the gross cost being really a charge that should be made to other departments.

There will not always be a two-way flow of services between departments. Thus, the personnel department will supply services to the boiler house department but will receive no direct services in return (subject to the possible use of exhaust steam for heating offices during the winter, the cost of which would be negligible). If there is only a one-way flow of cost allocation between two particular departments the necessary adjustment can easily be made in the calculations that follow.

The difficulty of a multiple two-way flow of services between departments is that the cost of one department cannot be found until the costs of other departments are known, but in turn the costs of other departments cannot be found until the cost of the department under consideration is known.

Various methods have been suggested to overcome the difficulty. In practice, some rule-of-thumb may be built through experience. But in theory the most precise solution is by simultaneous equations—although their manipulation may become cumbersome if there are several departments.

My main purpose is to give an example of the use of simultaneous equations in finding the true costs of each of the departments in the above illustration, and also to indicate a mistake made in many textbook illustrations of this subject.

The calculations usually proceed thus (leaving out the £ sign):

$$X = 400 + .05Y + .075Z$$
$$Y = 590 + .10X + .05Z$$
$$Z = 800 + .10X + .05Y$$

$$800 = -.05Y - .10X + Z$$
$$590 = Y - .10X - .05Z$$

$$210 = -1.05Y + 1.05Z$$

therefore,

$$200 = -Y + Z$$

$$8{,}000 = -.5Y - X + 10Z$$
$$400 = -.05Y + X - .075Z$$

$$8{,}400 = -.55Y + 9.925Z$$

$$\left(8{,}400 \times \frac{100}{55}\right) = -Y + \left(9.925Z \times \frac{100}{55}\right)$$

$$200 = -Y+Z$$

$$\left(\frac{8,400\times100}{55}\right)-\left(\frac{200\times55}{100}\right)=\left(9.925Z\times\frac{100}{55}\right)-\left(\frac{55Z}{100}\right)$$

from which,
8,290=9.375Z
or,
Z=884.3

200=−Y+884.3
thus,
Y=684.3

$$X=400+\left(\frac{684.3\times5}{100}\right)+\left(\frac{884\times3}{40}\right)$$

thus,
X=500.5

Many textbooks take their consideration of reciprocal costs no further. This is clearly a mistake, for no allowance has been made to departments for the services that they supply to other departments. For example, department X has been debited with the cost of the services it receives from departments Y and Z, but it has not been credited with the services it supplies to these departments. This error of logic results in an artificially inflated figure of total cost for all departments. In our illustration the transfer of cost allocations between departments has resulted in an addition to total cost of £279.1, total cost being shown as £2.069.1 (£500.5+£684.3+£884.3) compared with the original figure of £1,790 (£400+£590+£800).

The correct figures of departmental costs can therefore be found by allowing for the flow of services from one department to the others. Thus the correct equations are:

X=8/10 (400+.05Y+.075Z)
Y=9/10 (590+.10X+.05Z)
Z=7/8 (800+.10X+.05Y)

and it follows that:

X=80 per cent.	of £500.5=	£400	(to nearest £)
Y=90 per cent.	of £684.3=	£616	(,,)
Z=87½ per cent.	of £884.3=	£774	(,,)
		£1,790	

However, a further refinement is possible which would yield an answer still nearer to mathematical perfection, even though in practice it may often be sufficiently accurate to stop at the point just reached. Strictly, X should be debited with .05 of Y *after* Y has been correctly ascertained (with the correct credits from other departments) and with .075 of Z after Z has similarly been correctly ascertained. Similar arguments can be applied to the derivation of Y and Z.

Thus it is possible to work out a further set of equations and resolve these so as to yield a rather more accurate answer:

320=1X−.04Y−.06Z
531=−.09X+1Y−.045Z
700=−.0875X−.04375Y+1Z
1,790=1X+1Y+1Z
1,470=1.04Y+1.06Z

$$531\left(\frac{100}{9}\right)=-1X+\left(\frac{100Y}{9}\right)-.5Z$$

5,788.9=−1X+11.11Y−.5Z
6,108.9=11.07Y−.56Z

(1,470×56)=(1.04Y×56)+(1.06Z×56)
(6,108.9×106)=(11.07Y×106)−(.56Z×106)

729,863.4=1,231.66Y
from which, Y=592.6

1,470=(1.04×592.6)+1.06Z
thus, Z=805.4

1,790=592.6+805.4+1X
thus, X=392.0

London and Provincial

IT WOULD BE a mildly interesting statistic that would measure the proportion of the population that moves out of its workaday rut more often than once a year. The business of some, from special envoys to commercial travellers, takes them regularly over unfamiliar tracks, but for the most part man moves in circumscribed circles, and it is only during his annual holiday that he catches glimpses of modes of life other than his own.

However far afield you go on holiday you must inevitably find men at work at your destination—including, most probably, some men working in the same line of business as your own. They do it unobtrusively enough, and it is sometimes hard to see them behind the holiday hordes, but there they are, your opposite numbers in (as it may be) Bude and Bala, in Brighton and Berwick. Indeed, farther off still: in Bandon and Bangalore they work, accountants and bank managers, insurance agents and industrialists, doctors and candlestick makers. The thought comes and as quickly goes: what is it like to work in a place like this?

The question has its momentary fascination, whether you have come on holiday from Yorkshire to Cornwall or contrariwise from Cornwall to Yorkshire. But the contrast on which it is founded is most evident in

differences between London and the rest of the country, and when the Londoner gazes at the apparent peace of an unfrequented seashore, or when a countryman stands on the steps of the Royal Exchange watching the tide flow around him, the perennial misunderstanding between the provinces and London is at its most acute.

It is a mistake to underrate the extent of the misunderstanding, for it is a real and important one—though one which all men of goodwill attempt to bridge. In its more serious forms it reflects, on the one hand, the incurable belief of the Londoner that London is England, on the other the irritation of the Lancastrian, the Midlander, the Westcountryman and (if we may for this purpose include him in a comprehensive England) the Welshman, who all know that it isn't and who believe, equally incurably, that London serves no useful function: that Londoners are essentially parasites, and not all that decorative, either.

It is hardly an over-simplification to say that the differences between London and provinces are summed up in the midday meal. The adopted Londoner finds it hard to remember, from his provincial childhood, how his father used to come home to lunch every day (only it was more probably called dinner). It is as hard for the countryman, with his office perhaps ten minutes' walk from his home, to realise how profoundly different his rhythm of work and rest is from that of the Londoner, who has an hour plus of travelling tacked on to the end of each working day—and an absurd pseudo-U habit of calling dinner "lunch." Each may envy the other; or each may be sure that his own is the happier way of life. But even the Londoner who is most comfortably settled in London habits can probably bring himself to admit that the provincial way of life is the more truly civilised.

The long daily journey has implications other than the name of the midday meal. It means, almost inevitably, that work and play are taken in different environments, in different companies; it means, in greater or less degree, the suburb, with all its derogatory overtones; it means, indeed, the dormitory suburb, which is even worse in its conviction of civic irresponsibility. There are other big cities besides London, and all suffer to some extent from their bigness; but it is possible to work in an office in Cardiff and play golf on Saturday with business associates; it is possible, too, to be actively and personally interested in the civic government which orders alike the streets of the city and the suburb. London, which has taken into its orbit so enormous a territory, scatters its office workers east and west and north and south so widely that any two men sharing the same office are likely to have thirty or forty miles between their homes, and to be paying rates to two as widely separated local authorities, neither of which is the venerable Corporation of the City of London. Each will be hard put to it to name his suburban mayor, perhaps even his own councillor, and the ancient traditions of the Common Council of the City in which both work they will regard as high mysteries in which they have no part.

The "whole life," on almost any reasonable definition, must be one which is lived in a single community. Not so many generations ago, when London still provided this kind of life, when the merchants and the bankers lived above their businesses, when lunch was still a novelty and dinner was eaten around four in the afternoon, when Highbury and Hackney were outer suburbs, London had hardly begun (by our modern standards) to deserve its description as a great wen. Now Birmingham and Manchester have grown much larger than London was then; and London has become uniquely unsociable. There are many Londoners who regard their exemption from the whole life as a mark of metropolitan privilege; in this context they must be regarded as further gone in sin than most.

It was a northern bank manager, involved in a controversy of this kind, who said: "It's all very well to be at the hub, but what a time you spend going up and down the spokes!" The Londoner may dislike the parallel, for the hub goes round more giddily and in smaller circles than any other part of the wheel; but in his crowded Underground he can scarcely deny the justice of the comment. The Underground, indeed, provides in the rush hours what must be one of the world's most remarkable commentaries on civilisation, and the visitor from the country, watching a friendly porter helping with foot and hands one more late-coming sardine into his overcrowded box, may well say that the discomfort of travel as well as the time it takes must be counted as a disadvantage of London life. His own 'bus service at home may have its crowded hours; but they are nothing to compare with this subterranean horror.

Yet the Londoner, whether he is conscious of it or not, works in the proudest city on earth. He is, whatever his calling, a part of the apotheosis of it: finance, insurance, banking, the Stock Exchange, the markets, government, all come in London to their finest flowering, and their servants can take pride in that fact. And there are innumerable other things to be proud of in London, to set against the provincial "wholeness": Parliament, Clapham Junction and Lords, the theatres, pigeons in Trafalgar Square and cranes in the Green Park. In the City itself, the Lord Mayor's Show and the Bank of England, the city churches, the streets and alleys going back half a thousand years, and the distant echoes of Rome.

But it is better to keep away from comparisons. Aesop wrote a fable about the head and the limbs, and its moral is still a good one. There is little purpose in member railing against member, and even condolence, expressed too plainly by a hair of the eyebrow, say, to a left shoulder-blade (which may itself be a miracle of loveliness) may not always be well received. Leave it on the issue of getting home to lunch: some can and some can't. The Londoner has the British Museum Reading Room at hand, but he has to eat out. It is entirely a personal judgment whether the privilege balances the penalty; and his wife may have her own views on the subject.

TAXATION

Schedule E Revised

THE DIVISION OF Schedule E into three Cases means that in future it will be no longer wise to refer to any "Case" without adding the Schedule. The three Cases are as given below. (In what follows the word "employment" includes "office".)

	Income Assessable	*Basis of Assessment*
Case I	Income from an employment held by a person resident and ordinarily resident in the United Kingdom who does not perform the duties of the employment wholly outside the United Kingdom in the year of assessment.	The emoluments for the year of assessment.
Case II	Income from an employment held by a non-resident or by a person who is resident but not ordinarily resident in the United Kingdom, in respect of duties performed in the United Kingdom.	The emoluments for the year of assessment in respect of duties performed in the United Kingdom.
Case III	Income from an employment held by a resident in the United Kingdom (whether ordinarily resident there or not) which is not chargeable under Case I or II for the same or another year of assessment.	The emoluments received in the United Kingdom in the year of assessment (i.e. remittances in the year).

In Cases I and II, "foreign emoluments" are excepted; these emoluments are emoluments of a person, not domiciled in the United Kingdom, from an employment under or with any person, body of persons, or partnership resident outside, and not resident in, the United Kingdom.

For Cases I and II, if a person ordinarily performs the whole or part of the duties of his employment in the United Kingdom, his emoluments for any period of absence from the employment are to be treated as emoluments for duties performed in the United Kingdom unless, but for the absence, they would have been emoluments for duties performed outside it. Similarly if an employment is in substance one the duties of which fall to be performed outside the United Kingdom, the performance in the United Kingdom of duties incidental to it is regarded as outside the United Kingdom. Duties of Crown employees of a public nature, payment for which comes out of the public revenue of the United Kingdom or of Northern Ireland, are treated as performed in the United Kingdom. So are duties performed in a vessel engaged on a voyage between United Kingdom ports or by a person resident in the United Kingdom on a vessel or aircraft on a voyage (or part thereof) beginning or ending in the United Kingdom.

It seems that no capital allowances can be claimed under Case III; any expenses under that Case can be allowed only if they come under Rule 7 of Schedule E.

For the purposes of all three Cases, a visitor is not to be regarded as resident unless his aggregate stay in the United Kingdom in the year of assessment is at least six months. The rules of assessment as between the United Kingdom and the Republic of Ireland remain unchanged.

In deciding whether a person is resident in the United Kingdom for Schedule E purposes, the possession of a place of abode in the United Kingdom is to be disregarded, provided all the duties of the employment are in substance performed outside the United Kingdom and any duties here are merely incidental.

Case V of Schedule D no longer applies to any offices or employments. It still catches pensions from overseas.

Where under Schedule E, Case III (and under Schedule D, Cases IV and V where the remittances basis applies) remittances have been held up by oversea laws or government action or by the inability to acquire sterling in the area, and not by want of reasonable endeavours on the taxpayer's part, relief can be claimed by spreading the income back to the years to which it belonged. Similar relief is given for retrospective pensions or increases in pensions. A claim must be made within six years after the end of the year of assessment for which relief is claimed (not earlier than 1951/52).

In the following summary these abbreviations are used: D. for domicil; R. for resident; O.R. for ordinarily resident; U.K. for United Kingdom.

Status	*Duties of office or employment performed*	*Case*
(A) D. outside U.K. but—		
(1) R. and O.R. in U.K.	Wholly outside U.K. (includes merely incidental duties done in U.K.).	Case III
do.	Not wholly outside U.K.	
	(i) Foreign emoluments	Case III
	(ii) Balance of emoluments	Case I
(2) R. but not O.R. in U.K.	Wholly outside U.K.	Case III
do.	Not wholly outside U.K.	
	(i) Duties performed in U.K.	Case II
	(ii) Other emoluments, including foreign emoluments	Case III

Status	*Duties of office or employment performed*	*Case*
(3) Not R. and not O.R. in U.K.	Wholly outside U.K.	No liability
	Not wholly outside U.K.	
	(i) Duties performed in U.K.	Case II
	(ii) Other emoluments, including foreign emoluments	No liability

Status	*Duties of office or employment performed*	*Case*
(B) D. in U.K. and		
(1) R. and O.R. in U.K.	(i) Not wholly outside U.K.	Case I
	(ii) Wholly outside U.K.	Case III
(2) R. but not O.R. in U.K.	(i) In U.K.	Case II
	(ii) Outside U.K.	Case III
(3) Not R. and not O.R. in U.K.	(i) In U.K.	Case II
	(ii) Outside U.K.	No liability

Compensation for Termination of Agreements

[CONTRIBUTED]

IF AN AGREEMENT is terminated or varied, and a party to the agreement, who is adversely affected by the termination or variation, is paid compensation, is the sum a capital or revenue receipt?

Decisions on the subject cannot be easily reconciled. But the trend of the authorities, bearing in mind the underlying principle of *British Transport Commission* v. *Gourley* [1955] 3 A.E.R. 796, in which the House of Lords held that the tax element had to be considered in the assessment of damages by way of loss of earnings in actions for negligence, would appear to be in favour of the Revenue.

Is *Chibbett v. J. Robinson* a Sound Decision?

The decision in *Chibbett* v. *J. Robinson* (1929) 9 T.C. 48 is generally relied on as authority for deeming a payment of the kind in question to be a capital receipt. However, when the case is closely examined, the decision is seen to have been reached on special facts, and the apparent *ratio decidendi* is not one that is now likely to be followed. In this case, a firm of ship managers acted as such for a steamship company. The steamship company went into liquidation, and in pursuance of powers expressly included in the Articles, a payment was voted to the firm by way of "compensation for loss of office." No provision was made in the service agreement itself for payment of such compensation. A new company was later formed, and the firm was appointed as managers. It was held that the payment was a capital receipt. It appears to have been a factor in the decision that the old company had ceased to exist. Rowlatt, J., however, expressed the view in his judgment that a payment to make up for the cessation of future annual taxable profits was not itself an annual profit at all. But the *dicta* of Rowlatt, J., in this case were criticised in the later case of *Bush Beach & Gent Ltd.* v. *Rood* [1939] 3 A.E.R. 302.

In that case the appellants were chemical merchants who had entered into a contract for the purchase of agricultural chemicals, with exclusive selling rights in certain parts of the country. The contract was subsequently terminated, a payment of £4,750 being made on account of its cancellation. It was held that the payment was an income payment, notwithstanding that it might have been made by way of compensation for the cancellation. The ground of this decision appears to have been that the cancellation would not have resulted in the closing down of the business or of any self-contained part of the business carried on by the appellants. The payment was made in the ordinary course of the business of the company and was in lieu of future income.

In his judgment Lawrence, J., as he then was, pointed out that the payment did not represent the purchase price of the contract itself and that the structure of the company was not affected. He said: "the appellant company could always have sold agricultural chemicals and it can still do so. The contract was made in the ordinary course of the company's business, although in a new field, and the exclusion of competition is an ordinary incident of such contracts, and not, as it seems to me, analogous to a pooling agreement. It is clear that the dictum of Rowlatt, J., in *Chibbett* v. *J. Robinson & Sons* is too widely expressed (*Hunter* v. *Dewhurst* (H.L.) (1932) 16 T.C. at page 643). *Henderson* v. *Meade King Robinson & Co. Ltd.* (1938) 22 T.C. 97, is distinguishable. There money had been lent to secure a certain sole agency and the loss on that loan was held to be of a capital nature. Here money paid for its cancellation was not a repayment of any such money, but must have been a payment in respect of the profits to have been earned under the contract."

Kelsall Parsons & Co. v. *I.R.* (1938) 21 T.C. 608, is in line with the *Bush Beach* case. There the appellants carried on an agency business, being remunerated on a commission basis, and they had entered into a number of agreements with manufacturers for the sale of their products. On the termination of one of these agreements, a payment of £1,500 was made to them by way of compensation. It was held that this

was a revenue receipt of the business of the company and was taxable.

Loss of Substratum of Business

With these decisions one can usefully contrast the case of *Barr Crombie & Co.* v. *I.R.* (1945) 26 T.C. 406. In this case the company acted as ship managers and managed the ships of a shipping company. The agreements provided that the management was to be for a period of fifteen years from January 1, 1936, that a management fee of £500 a year was to be paid in respect of each ship managed, and that certain commissions should also be payable. In the event of the liquidation of the shipping company, the remuneration of the managing company from the date of the liquidation down to the date of the expiry of the period of fifteen years was to become immediately payable. In November, 1942, the shipping company went into liquidation and a payment of £16,306 was made to the managing company in respect of the remuneration which might have been earned during the remainder of the period had the management run its full course. Practically all the business of the managing company, about 98 per cent., was derived from these management contracts with the shipping company, the balance of 2 per cent. being derived from the temporary management of four ships for the Ministry of Transport. The liquidation of the shipping company accordingly resulted in the loss to the managing company of virtually all its business and a substantial reduction in its staff, and it was obliged to move to other premises. It was held that the payment of £16,309 was a capital receipt, since it represented compensation for the loss of a capital asset, the agency with the shipping company, which was fundamental to the business of the managing company. The Special Commissioners had held that the payment was a trading receipt but this decision was reversed on appeal on the ground that the payment was made once and for all and was made for the loss of the only important capital asset of the managing company. In arriving at this determination, the Court applied the principle, laid down in *British Insulated and Helsby's Cables* v. *Atherton* (1926) 2 A.C., at page 213, that an expenditure made once and for all as a payment received for abandoning or surrendering an asset was a capital receipt.

Principles of the Cases

What then is the principle to be deduced from these authorities?

In determining whether the compensation is a capital or a revenue receipt, one must consider whether the contracts or agreements, for the cancellation or premature determination of which the payment is being made, form substantially the whole business of the recipient.

If the recipient's business is derived from a number of separate contracts with separate persons, and the loss of a particular contract or contracts will not prevent him from continuing his business, the compensation is a mere trading receipt, in the way of the recipient's business; if, on the other hand, the substratum, as it were, of the recipient's business would be gone by the loss of the agreement or agreements, the sum is a capital receipt.

These principles underline such recent decisions as *Anglo-French Exploration Co.* v. *Clayson* [1955] 3 A.E.R. 779, and *Henley* v. *Murray* [1950] 1 A.E.R. 908.

The Anglo-French Exploration Case

In *Anglo-French Exploration Co.* v. *Clayson*, the trade of a mining finance company consisted in the purchase and sale of shares of other companies. It ran a subsidiary business, acting as secretary and agent for other companies. The purchase and sale of secretaryships and agencies, however, was not a part of its business. The company, in conjunction with another shareholder in the K. Company, entered into an arrangement under which it sold the shares in the K. Company, in which it and the other shareholder held the majority of shares, to a third party at a fair price. The company also relinquished its secretarial contract with the K. Company, in favour of the third party, in consideration of a payment of £20,000, which it shared with the other shareholder concerned in the deal. The payment of £20,000 was equivalent to twelve years' purchase of the secretarial contract, and was greater than its value, had the company and the shareholder not been the holders of the shares in question.

It was held that the share of the £20,000 retained by the company was a trading receipt. The grounds of this decision were that the cancellation of an agency, which was one of several held by the company, was a normal trading risk, compensation for which was a gain from trading, and that the loss of the agency in question was not so serious as to cripple the business of the company. The payment could not, therefore, be regarded as being in respect of the loss of a capital asset. Further, the compensation was a gain from the trade of the company in the purchase and sale of shares, since it was earned by reason of the holding of shares by the company and the shareholder concerned and as an inducement to part with them.

The Test of Payment under Contract of Service

In *Henley* v. *Murray* (*supra*), the taxpayer was the managing director of the G. Property Company under a service agreement, determinable at the earliest on March 31, 1944. The G. Company, which was a subsidiary of the G. Property Company and of which also the taxpayer was a director, requested the debenture holders' trustees to assist it in the disposal of certain property. The trustees were prepared to assist only on condition that the taxpayer should resign from the Boards of both companies. The taxpayer was paid £2,000, a sum to which he would have been entitled had his employment continued till March 31, 1944. It was held that as the sum was paid in consideration of the abrogation of the contract of employment and not under contract of service, it was not a profit of his employment.

It is to be observed that this was a case of a termination of an employment, the profits from which would be taxable under Schedule E, and not of a trading agreement, the profits of which would be taxable

under Schedule D. Therefore it could be said that the whole substratum, as it were, of the taxpayer's employment was gone: it was not a case of one of several trading agreements being terminated, still leaving the trader with other trading agreements to constitute a trading by him.

The learned Master of the Rolls in *Henley* v. *Murray* drew an important distinction between, on the one hand, the situation where the contract in some form or other (whether on the side of both parties or on the side of one party only) still continued and was still in being, and, on the other hand, the situation where the contract was entirely abrogated and ceased to exist, as in *Henley* v. *Murray*. Within the first category, he instanced the employee who, entitled to be remunerated periodically, said: "Well, I will take my lump sum now instead of my periodic remuneration, and, though I will continue to serve under the contract, I shall not be expected to do quite as much work, or even any work at all." The lump sum payment would then be a part of the emolument, since it would be paid under the contract. See, for instance, *Cameron* v. *Prendergast* (1940) A.C. 549; *Wales* v. *Tilley* (1943) A.C. 386; and *Hofman* v. *Wadman* (1946) 27 T.C. 192.

But it was a different situation in which the contract disappeared altogether, and a payment was made in consideration of its total abandonment, so that no contract existed under which the sum in question or any other sum fell to be paid. Cases of this type are exemplified by *Henley* v. *Murray*.

Payments in Recognition of Past Services

Reference again may be made to *Turner* v. *Cuxon* (1888) 22 Q.B.D. 150; 2 T.C. 422. In this case the Council of the Curates Augmentation Fund made a grant of £50 to a curate in recognition of faithful service for more than fifteen years. The grant was renewable at the discretion of the Council, such renewal being conditional upon the curate obtaining donations to the fund to half the amount of the grant. It was held that the sum was not assessable under Schedule E. The ground of this decision was that the payment was a purely voluntary one: it did not arise from the curate's vocation, nor from any office or employment or by reason of it. The Court distinguished the earlier case of *I.R.* v. *Strong*, 15 SC: L.R. 704, where a payment was made to the minister by his parishioners in return for and as an acknowledgment of his services in the parish, so that it could be regarded as arising from the office or vocation. As Lord Coleridge pointed out (*ibid* at page 152), "Here . . . (that is, in *Turner* v. *Cuxon*), the payment is a gift made by a society to a deserving man upon conditions; it is a purely voluntary gift, there could be no claim upon the society, and it is not made in respect of the parish of which he is the curate."

Normal Termination of Contract

The cases referred to in this article in relation to payments made by way of cancellation of contracts have this important feature in common, that the contracts or agreements did not run their normal course, but were brought to a premature end, were in effect "terminated", either *in invitum* or by mutual agreement in consideration of the payment.

What is to be said, however, if an agreement runs its normal course and expires automatically by effluxion of time, or is brought to an end by a proper notice, which the terminating party is entitled to serve? Suppose that in such circumstances, after the termination and therefore while the contract is no longer in existence, a payment is made as compensation for the further earnings that would have accrued to the payee, had the contract continued. One feature of such a payment would be that it would be entirely voluntary, and could not be said to be under the contract, for the contract would have gone. Would such a payment be a capital or a revenue receipt?

It would appear that here again a distinction is to be drawn. If there had been an employment of which the emoluments were taxable under Schedule E, then there would be good ground for holding the payment to be a gift and a capital receipt. The position might be the same if the payment would, if taxable, be taxable as a trading profit under Schedule D, and the contracts or agreements which came to an end had formed the whole substratum of the recipient's trading. But if in such circumstances the recipient was carrying on similar trading activities under other contracts with other persons, so that he was to be regarded as carrying on that particular kind of trade, it is difficult to see how the payment could be regarded as other than a receipt by him in the way of his trade. It would come to him because of his trading, and would be received by him in the course of it.

Taxation Notes

Personal Choice

In reply to a question what limits were imposed by the Inland Revenue on the type and cost of car purchased for business purposes; and the approximate aggregate cost to the Inland Revenue of this concession, the Financial Secretary to the Treasury stated in the House of Commons on July 12 that the Inland Revenue did not determine what cars may be used for business purposes, but the Income Tax Acts provided that, if a car was used for both business purposes and other purposes, the depreciation allowances in respect of the business use should be so much only of the full allowances as might be just and reasonable in the circumstances. Accordingly, he added, if the cost of the car was substantially in excess of the amount that would have satisfied reasonable business needs, the Inland Revenue would seek an appropriate restriction of the allowances on that account. He regretted that he could not make a separate estimate of the number of business cars or the cost of the relative allowances.

We deprecate the continual use of

the word "concession" in connection with allowances given by the Income Tax Acts.

It should be noted that the restriction applies where there is private use; if the car is wholly used for business purposes, the decision regarding "personal choice" does not apply. It is likely that the Revenue will attack this next.

Own Consumption

The official view regarding the credit to be made to the profit and loss account for goods taken from trading stock for the personal use and enjoyment of the trader and members of his household appears to be that the goods must be valued at retail market value, except in the case of a wholesale business where it would be the selling price of that business. His selling price must be adopted by a farmer for comparable commodities. If a trader in the course of his trade gives special terms he may adopt as the retail value the lowest price at which he sells comparable quantities in the ordinary course of trade.

Services rendered, e.g. the value of meals for proprietors (and members of their family) of hotels, restaurants, etc., will continue to be credited at cost under Section 137 (*b*). Expenditure on the construction of a fixed asset continues to be taken at cost.

Profits Tax

It is time that the anomalies in this tax were ironed out. Take another glaring one. A loan of £20,000 to a shareholder in 1950 cost an additional £4,000 in profits tax, of which half is due for relief when the loan is repaid. But relief can be given only by reducing net relevant distributions. If the company is never in a position to pay a dividend, it has paid the higher rate of profits tax on money still in its coffers. Let justice be done!

Increased Rates of Profits Tax and Increased Dividends

Briefly, the law is that an increase in the rate of dividend declared after an increase in the rate of profits tax, but for a period prior to the latter taking effect, is to be treated as a gross relevant distribution on the date it is payable. If the rate of tax is announced in advance, a declaration of dividend after the announcement of the rate of tax, but before it takes effect, is caught by the new rate of tax. We have seen two changes in quick succession which have the results illustrated below:

Illustration:

Company with issued paid up capital of £50,000, increased in May, 1955, by capitalisation of profits to £60,000. For each of the years to April 30, 1954 and 1955, a dividend of 12 per cent. was paid, the latter on September 30, 1955. On October 26, 1955 (without previous announcement) a further dividend of 6 per cent. was paid for the year to April 30, 1955, and an interim dividend of 7 per cent. for the year to April 30, 1956. A final dividend of 14 per cent. was paid for the latter year on August 12, 1956.

The "governing total" of dividends, so far as the year to April 30, 1955, is concerned, is the total dividend paid for the previous year, i.e. £6,000. The shares paid up by the capitalisation of profits are to be ignored. Accordingly, the excess of the dividend finally "assignable to" that year (12 per cent. + 6 per cent. =) 18 per cent. on £60,000 = £10,800 over the governing total £6,000, i.e. £4,800, must be regarded as assignable to the accounting period in which it is paid, i.e. the year to April 30, 1956, and as part of the gross relevant distribution of the chargeable accounting period (C.A.P.) beginning at the end of October, 1955.

The governing total for the year to April 30, 1956, remains at £6,000. There is, therefore, an excess made up as shown below.

The rates of profits tax applicable to the periods are (*a*) 22½ per cent.; (*b*) 27½ per cent.; (*c*) and (*d*) 30 per cent.

In the accounts there should be included in the profits tax on the year's profits the profits tax appropriate to (*d*) as well as (*a*), (*b*) and (*c*), but the

	£
Dividend declared for the year (7+14) per cent. on £60,000	12,600
Governing total	6,000
	6,600
of which there was paid prior to 31.3.56 (the end of the C.A.P. beginning 1.11.55) 7 per cent.	4,200
to be treated as paid in C.A.P. beginning 1.4.56	2,400

Allocation:

	C.A.P. 1.5.55–31.10.55	*C.A.P.* 1.11.55–31.3.56	*C.A.P.* 1.4.56–30.4.56
	£	£	£
Governing Total	3,000	2,500	500
Excess 1954/55		4,800	
Excess 1955/56 so far as dividends paid prior to 1.4.56 but after 25.10.56		4,200	
	3,000	11,500	500

Summary: C.A.P. 1.5.55–31.10.55	3,000 (*a*)	
1.11.55–31.3.56	11,500 (*b*)	
1.4.56–30.4.56	500 (*c*)	
	15,000	
1.4.56–	2,400 (*d*)	
	17,400	

Reconciliation:	
Dividends for year to 30.4.56	12,600
Excess „ „ „ 30.4.55	4,800
	17,400

tax on (*d*) would be included with "future taxation" on the balance sheet.

The cumulative effect of the Finance (No. 2 Act), 1955, and the Finance Act, 1956, is that in an accounting period beginning after October 31, 1955, any dividend announced after April 16, 1956, will be deemed to the extent that it brings the dividends of the year above the governing total to be a gross relevant distribution when it is paid. In an accounting period beginning before the end of October, 1955, any dividend declared after October 25, 1955, but before April 17, 1956, and paid on or after April 1, 1956, to the extent that it brings the dividends of the year above the governing total, will be treated as a gross relevant distribution in the C.A.P. beginning on November 1, 1955; any dividend announced and paid after April 16, 1956, for a period ended not later than March 31, 1956, will, to the extent that any excess remains, be treated as a gross relevant distribution on the date of payment.

Ignorance of the Law Excuses Nobody

We reproduce without comment Paragraph 2 (1) of the Second Schedule to the Finance Act, 1956:

> 2.—(1) Subject to the following sub-paragraph, where the emoluments for any duties do not fall under Case I or II, then in relation to those or any other emoluments of the office or employment Chapter II of Part X of, and paragraph 7 of the Ninth Schedule to, the Income Tax Act, 1952, shall apply as if the performance of those duties did not belong to that office or employment.

Recent Tax Cases

By W. B. COWCHER, O.B.E., B.LITT.

Income Tax

Charitable purposes—Bequests for benefit of employees—Court Order for application by scheme for charitable purposes only—Agreed scheme covering charitable and non-charitable purposes—Agreed scheme approved by consent order—Whether res judicata *and scheme to be regarded as trust for charitable purposes only—Whether defects in scheme remedied by Charitable Trusts (Validation) Act, 1954—Income Tax Act, 1952, Sections 447, 448—Charitable Trusts (Validation) Act, 1954, Sections 1, 2.*

William Vernon and Sons, Ltd., Employees Fund *v.* C.I.R. (Ch. May 3, 1956, T.R. 119) arose out of bequests made by Mr. T. T. Vernon, who died on January 24, 1919. He had been a partner in the well-known flour-milling business of William Vernon and Sons, which shortly after his death had been incorporated as a company and in 1927 had been absorbed in the large public company known as Spillers Ltd. The testator had left his shares in the partnership to four persons, but in each case a condition was imposed whereby 20 per cent. of "all monies received" was to be paid to some organisation or charity for the benefit of the firm's employees in reward for long or meritorious service or for "an institution or other object, for the recreation of the employees." As there were considerable doubts as to the validity of the trusts declared, apart from other questions arising under the will, the trustees had taken out a summons in May, 1919, in the Chancery Division, with the Attorney-General joined as a defendant. But before it came on for hearing the parties had agreed on a compromise which was sanctioned by Peterson, J., on December 11, 1919. By this order, payments were to be made by each of the four legatees of the testator's partnership shares, and a scheme was to be prepared for a fund, limited to charitable purposes only, for the benefit of past and present employees of the Vernon business and for their families and dependants.

Whilst the negotiations for a scheme to comply with the order of Peterson, J., had been going on, the trustees had bought the Heath Bank Estate, Cheshire, considered by them as suitable for a club and recreation ground. A scheme agreed upon between the parties had been submitted to and approved by Eve, J., in a consent order on June 23, 1921; and all concerned thought it created a valid charitable trust. Unfortunately, it was then not always realised that such a trust must be a public trust and it was not disputed that this one, limited to the employees of a company, was not within the category unless the order either of Peterson, J., or of Eve, J., estopped the Attorney-General and the Revenue from alleging this. The Special Commissioners had affirmed a refusal of the Commissioners of Inland Revenue to allow exemption under Sections 447 and 448 of the Income Tax Act, 1952; and, in a careful judgment, Upjohn, J., upheld their decision. He held that for estoppel by *res judicata* to apply it was necessary for there to be an issue between parties and a decision, although it did not matter whether it was after argument, by consent, or by default. So far as the order of Eve, J., was concerned he said that the Court had not construed the scheme and there had been no decision that it constituted a valid charitable trust. There was, therefore, no estoppel on that issue. Instead of the Attorney-General being estopped, he held that he had the power and perhaps the duty to apply to the Court for the scheme to be so amended as to conform to the Peterson, J., directions, and that the trustees had the same right or power. He did not, he said, have to decide whether, had the Attorney-General been estopped, this would have applied also to the Commissioners of Inland Revenue.

A point had been raised for the first time that the non-charitable trusts of the scheme were validated by the Charitable Trusts (Validation) Act, 1954, passed to validate imperfect trust provisions under which the trust property could be used exclusively for charitable purposes but could also be used for non-charitable purposes. On this, Upjohn, J.,

held that the Heath Bank property could not be made by the trustees subject to a public trust and that the scheme was otherwise outside the ambit of the Act.

It would be interesting to know the reactions in the Attorney-General's office to the judge's remarks. Without abandonment of the testator's intentions it would seem, for example, to be none too easy to make the Heath Bank Estate subject to a public trust.

Profits Tax

Nationalisation of coal industry—Cessation of colliery concern—Continuance of other businesses—Compensation—Payments pending satisfaction of compensation—"Interim income payments"—"Revenue payments"—Whether sums income from investments or other property—Finance Act, 1937, Schedule IV, paragraphs 7 (1), 8—Coal Industry Nationalisation Act, 1946, Sections 5, 10, 19, 21, 22, 23—Finance Act, 1947, Sections 31 (1), 32, 43 (1), 47 (1)—Coal Industry (No. 2) Act, 1949, Section 1—Transport Act, 1947, Section 32 (2).

C.I.R. v. The Butterley Company, Ltd. (House of Lords, April 19, 1956, T.R. 103) was the subject of a note in our issue of November, 1954, at page 429, and of another note—a very full one—in our issue of August, 1955, at page 309. The company had carried on several distinct trades, but its colliery concern had become vested in the National Coal Board under Section 1 of the Coal Industry Nationalisation Act, 1946. Pending the final determination of the amount of capital compensation payable in respect of nationalisation, which would of necessity take a substantial period of time, statutory payments of an income nature were provided for under provisions of the 1946 Act and the Coal Industry (No. 2) Act, 1949, and the company had received such payments. The issue in the case was whether the said payments fell to be included in the profits tax assessments upon the company for the chargeable accounting periods from January 1, 1947, to December 31, 1950. The Special Commissioners had decided in favour of the company, but Roxburgh, J., had reversed their decision upon the ground that under Paragraph 7 of the Fourth Schedule, Finance Act, 1937, as varied by Section 32 of the Finance Act, 1947, it was enough to bring a payment within the charge to profits tax that it should be derived from property of the company, regardless of whether it arose from a trade or business carried on by the company during the relevant period. This ground was agreed to be wrong and his decision had been reversed by a unanimous Court of Appeal. There, it was held that the payments did not constitute profits arising from the trade or business of the company. In the House of Lords this view was unanimously affirmed, Viscount Simonds and Lord Radcliffe making long and careful analyses, whilst Lords Morton and Somervell were more brief. Lord Reid simply concurred in the dismissal of the appeal. Nevertheless, although there was unanimity in their final conclusion, their Lordships' speeches revealed considerable variations of opinion.

Although it had been conceded by the Crown that the only income "from investments or other property" included in the charge to profits tax was that which arose from the trade or business, this concession was of limited character, it being contended that, as the payments were available for use in the same way as dividends or interest on War Loan or any other capital investment, and had been so used, they were therefore part of the profits of the trade. This argument was, as Viscount Simonds declared, saying in effect that for profits tax the income of a company was equivalent to the profits of its trade, a view which he held to be wholly wrong, although the difficulty was that of drawing the line. Later in the case, Lord Radcliffe took much the same general view. Both of them rejected the argument of the Crown in so far as based on the way the payments had been dealt with in the company's accounts. The following passage from Viscount Simonds' speech referring to the difficulty of drawing the line between income which is part of a company's trade profits and that which is not is of importance, particularly in view of later observations by Lord Radcliffe:

> We have been told that it has been the practice since 1947 to include in an assessment to profits tax income derived from investments representing the general reserve of a trading company, and having no closer association with its trade than its general availability for the lawful uses of the company, *and I would not say anything to affirm or cast any doubt upon the validity of the practice*, which may be said to find its analogue in the case of *Liverpool and London and Globe Insurance Company* v. *Bennett* (1913, A.C. 610; 6 T.C. 327).

A company, it had been held, could own capital or assets which were not capital or assets of its trade or business. He agreed with Evershed, M.R., that the language of the statutory provisions carefully avoided describing the payments as income from the statutory compensation provided for; and, said Viscount Simonds, if it was sought to give a conspicuous example of an asset which was not the asset of a trade or business:

> I should select a right to compensation payable at some future date in respect of a trade which it had ceased to carry on.

Lord Morton agreed that the appeal should be dismissed, but confined his speech to saying that, whilst he agreed that the payments were not arising from any trade or business, if he had arrived at a contrary conclusion the only trade from which the payments would have arisen was the trade of a colliery proprietor; and this was not carried on during any part of the relevant period. Lord Radcliffe's speech was characteristically close in its reasoning and, as often, somewhat disconcerting. On the main issue, he said, in substance, that the payments in question did not arise from any disposable source under the respondent's control and that their only identifiable origin was the statute which decreed that they were to be paid. Like Lord Morton, he also held that taxable income could not arise in one year from a colliery business which had ceased in a previous year. The only real difficulty in the case was, he said, that of saying what meaning attached to the words "profits arising from any trade or business," and he thought they were of wider import than might appear at first sight. He said that the concurrence of the parties in and the approval by Jenkins, L.J., of treating paragraph 7 as amended by Section 32 of the Finance Act, 1947, as referring only to investments or other property the income of which formed part of the profits of the trade or business had in one sense the effect of depriving the paragraph "of any meaning whatever except as a singularly contorted way of exempting franked investment income and non-beneficial income." He thought that there might still be a good deal to be said for a very different interpretation, which he mentioned but on which—it being unnecessary in the circumstances—he said he did not come to any final view. As regards the *Liverpool, London and Globe* case, referred to above, Lord Radcliffe said it was established law that the income arising from a trade can properly include that from investments having no more immediate connection with the trade than that they were held as a general reserve, and added:

> It may be necessary at some time but not now to consider how far this decision depended, or should be treated today as depending, on the special requirements of insurance business.

At the end of his speech he said that a company receiving income from an investment or other kind of property which could be either disposed of or retained might at any rate have to meet the challenge: "What did you keep it for except for the purposes of your business?"

Lord Somervell agreed with Viscount Simonds and Lord Radcliffe on the nature of the payments, and also concurred in the view that the charge to profits tax was not on the income from all sources. He, also, without indicating his views, reserved questions relating to investment income which, although raised in argument, they were not called upon to decide. Summing up the final position, it may be suggested that, whilst in the House of Lords the Crown was decisively defeated, the speech of Lord Radcliffe may be deemed by the Revenue to have been worth the cost of taking the case there.

Estate Duty

Annuity or annuities—Whether single annuity to two persons in succession or two annuities—Whether on death of first annuitant any part of estate duty then becoming chargeable to be borne by second annuitant—Finance Act, 1894, Sections 1, 2 (1) (b), 7 (7), 8, 14.

In re Weigall's Will Trusts (Ch. April 12, 1956, T.R. 113) involved two questions, one as to the *quantum* and the other as to the incidence of estate duty payable on the death of an annuitant. The testator had died in 1935. By his will he had left an annuity of £5,000 to his brother Harry and "in the case of his predeceasing his wife the said five thousand pounds to be paid yearly to Winifred" (his wife). By a codicil the £5,000 was reduced to £3,500, "Three thousand five hundred in the case of Harry . . . this latter with reversion to Winifred." There had been no appropriation of a fund to meet the annuity; and the issue was how the testator's provisions fell to be regarded for estate duty purposes. Harman, J., said that there were two views. One was that on the death of the testator there came into existence a piece of property in the shape of an annuity which continued to exist despite the death of Harry. On this footing, there was a passing of that property from the latter to his widow within Section 1 of the 1894 Act. The other view was that Harry's annuity ceased on his death and that a new annuity to his widow came into existence; and, in this case, duty was payable under Section 2 (1) (b) of the Act, which applied where an interest did not pass on a death but there was the cesser of an interest and a new benefit passing to another person. Academic as the issue may appear, much depended upon the result. If Section 1 applied, the sum upon which duty would be payable would be one valued actuarily by reference to the expectation of life of his widow upon Harry's death. If, however, liability was found to be under Section 2 (1) (b) of the 1894 Act, valuation of the annuity which ceased upon Harry's death would be calculated under Section 7 (7) of the Act by the "slice" method, and would extend to that proportion of the testator's residuary estate notionally necessary to produce the ceased annuity—a much larger sum.

Harman, J., said that apart from authority he would have felt that nothing passed on the death of Harry: "He died; his annuity stopped; and another annuity arose in favour of his widow." And, although the testator had so worded his will as to treat the annual sums in question as being one annuity, he was not prepared to regard the matter as one entirely of form and not of substance. The £5,000 per annum to be paid to the widow was not, he said, the same sum as had been paid to Harry but a like sum. Nevertheless, in view of earlier decisions the question was whether he was precluded by authority from so holding. As the result of his analysis of *In re Cassel* (1927, Ch. 275), *Cowley* v. *C.I.R.* (198, A.C. 198), *In re Duke of Norfolk* (1950, Ch. 467; 29 A.T.C. 7), *In re Payton* (1951, Ch. 1081; 30 A.T.C. 174), he held that he was not precluded from holding that there was no piece of property passing from Harry to his widow but that there were two choses-in-action, the first of which arose at the death of the testator and the second on the death of Harry. So, with no property passing, Section 2 (1) (b) applied.

The Judge having so decided, the further question he had to consider was the incidence of the duty exigible on the "slice" of the estate, where there had been no appropriation to support the annuity and nothing fell into residue by reason of Harry's death. The duty was payable by the trustees of the will by virtue of Section 8 of the 1894 Act, for they had the fund out of which the widow's annuity was payable. The question was whether the whole burden should be borne by those taking, in the words of the will, "the remainder of the income," or whether it should be spread rateably between them and the taker of the new annuity. Harman, J., said that the case was very like *In re Palmer* (1916, 2 Ch. 391), where the Court of Appeal had held the latter course was correct. Confessing that the decision in *In re Cassel's Will Trusts* (1947, Ch. 1) left him "in some embarrassment," he held, nevertheless, that where, as in the case before him:

> you have got a slice being taken of the fund which is answerable for both the annuity and the other income payments, and where the residue gets no benefit by the cesser of the old annuity, because a new one springs up exactly in the same terms, equity does demand that the various sums charged on the entirety should bear the duty rateably between them.

And he so declared. Whilst the decision will be generally approved, the fact that in the circumstances set out in the above quotation any part of the duty should fall upon those interested in the residuary estate is an illustration of the fact that estate duty is primarily an objective tax making no pretence of being just in its incidence.

Estate Duty

Life interest in non-alienable landed estate—Estate duty paid on death of previous tenant-in-tail—Successor's interest to be valued as for Succession Duty—Increases of rents on termination of long leases—Whether further estate duty payable by successor in respect of increases—Finance Act, 1894, Section 5 (5)—Succession Duty Act, 1853, Section 21.

Earl of Shrewsbury v. C.I.R. (Ch. May 16, 1956, T.R. 133) was a case of considerable interest and importance within a limited field. The twentieth Earl of Shrewsbury had died on May 17, 1921, thirty-five years before the date of the judgment in the present case. By virtue of The Shrewsbury Estates Act, 1869, and earlier private Acts, his grandson, the twenty-first Earl, became entitled to the lands comprised in the settlement created as tenant-in-tail; and, by virtue of the Shrewsbury Estates Act, 1954, he was entitled to a life-interest in the said lands in lieu of his previous entailed interest. The "Shrewsbury Parliamentary Estates," as the lands were commonly known, were so settled that neither the twentieth Earl nor the plaintiff could alienate them. They, therefore, came within Section 5 (5) of the Finance Act, 1894, which provides

that where any lands are so settled by Act of Parliament or royal grant as not to be capable of alienation the provisions of the Act with respect to settled property are not to apply, and the property passing on the death of any person in possession of the lands is to be the interest of his successor, and the same is to be valued for estate duty as for succession duty. The question in the case was the effect of Section 5 (5) in relation to part of the settled lands known as "the Oxten Estate." At the death of the twentieth Earl in 1921, this estate consisted of a considerable number of houses and plots of land let on long leases at less than rack-rents and also of a considerable number let at rack-rents. In the account for estate duty rendered under Section 6 (4) of the 1894 Act, upon the death of the twentieth Earl, the value of the plaintiff's interest had been taken as the principal value of an annuity for the plaintiff's life equal to the annual value of the rents then enjoyed whether or not they were rack-rents.

From time to time after the death of the twentieth Earl, long leases either fell in or were surrendered; and estate duty was now claimed upon each such determination by ascertaining the principal value of an annuity for the residue of the plaintiff's life equal to the difference between the annual value immediately after the determination and the annual value enjoyed at the death of the twentieth Earl. Vaisey, J., whilst saying that he was by no means sure that the method of valuation adopted on the said death was a proper one, but not deciding the point, said that there was no doubt whatever that the Crown's proposals would have been the correct way of dealing with the matter if it had been, in fact, a question of succession duty. For the plaintiff, it had been contended that the estate duty payable upon his grandfather's death fell to be assessed and levied once only and in one sum and that the principle of successive valuations of increases on determination of leases was not in the scheme of the duty. The judge approved of these contentions. He considered that the brevity of the provisions of Section 5 (5) pointed to its being no more than a reference to Section 21 of the Succession Duty Act, 1953. If, he said, it had been intended to bring in the whole of the very different provisions relating to valuation, assessment and payment of succession duty it would have been done in a much more elaborate and detailed form. Second and subsequent levies were wholly alien to the principles of estate duty and inconsistent with its nature. Whether the 1926 valuation was or was not too low, he held that both plaintiff and the Revenue were equally bound by it.

As regards the question raised by the judge but left undetermined whether the valuation in 1926 "should have taken into consideration the probability or likelihood of an increase in the annual receipts owing to the determination of leases," that valuation, by virtue of Section 21, had to be made according to the table in the Schedule annexed to the 1953 Act, and it is not easy to see how any such factor could be taken into account.

Tax Cases—Advance Notes

By H. MAJOR ALLEN

CHANCERY DIVISION

Greig *v.* Ashton. July 6, 1956. (Harman, J.)

Facts.—In respect of profits earned by her in the United States in 1946 the taxpayer, who was resident in the United Kingdom, paid U.S. tax amounting to some $24,000. This amount was, however, excessive and in 1950 some $12,000 was refunded, so that the net payment made on account of U.S. taxes was $11,614. In 1946 (when the payment of tax was made) the rate of exchange was $4.03 to the £, while in 1950 (when the refund was received) it had altered to $2.80 to the £. In computing the credit allowable to the taxpayer under the Double Taxation Convention the Crown treated the amount of U.S. tax suffered by the taxpayer as the difference between the U.S. tax initially suffered ($24,476) converted at $4.03 to the £ and the refund converted at $2.80 to the £.

Decision.—Held that the credit allowable for the foreign tax suffered was the amount of that tax ultimately payable ($11,614) converted at $4.03 to the £—the rate applicable in the year in which the tax became payable.

Wigram Family Settled Estates Ltd. *v.* C.I.R. July 17, 1956. (Vaisey, J.)

Facts.—The capital of the company, which was controlled by not more than five persons, consisted of Ordinary shares and 6 per cent. cumulative redeemable Preference shares. Under its Articles of Association the company was obliged to carry to the credit of a Preference share redemption fund year by year part of the profits that would otherwise be available for dividend. Following a surtax direction made upon the company the Special Commissioners apportioned its income among its members in proportion to their dividend rights. The company contended that a higher proportion of its income should be apportioned to the holders of the redeemable Preference shares, on the ground that they had an additional interest in the sums carried to the redemption fund.

Decision.—Held, that the company's income had been properly apportioned in accordance with the respective interests of the members, since the contribution to the redeemable fund was a mere provision for the payment-off or redemption of the Preference shares and conferred upon their holders no additional interest in the company's profits.

ACCOUNTANTS IN BRAZIL

In its first three years of existence, the Abacus Society, a group of accountants in Sao Paulo, Brazil, increased its membership to 35, comprising sixteen English Chartered, four Scottish Chartered, four Incorporated and two Certified Accountants, two American Certified Public Accountants, two members of the New Zealand Society, and five associate members.

The past year was healthily active, and fourteen meetings were held. There was a record attendance at a lively debate on profit sharing and co-partnership schemes, led by two prominent Sao Paulo businessmen, Mr. Dudley Bennett and Mr. Geoffrey Hamber.

It is hoped to devote some future meetings to the discussion of current problems of the accountancy profession in Brazil, so that newcomers may receive help and advice from members with longer experience in the country.

The monthly bulletin has maintained its high standard under the direction of Mr. M. M. Potter. Copies are sent to the Abacus Society of Rio de Janeiro.

The leading British accountancy bodies have shown an encouraging interest in the group and have sent publications.

The Month in the City

Middle East Crisis

The gradual recovery in industrial equities, which was a feature of the first three weeks of July, continued until the announcement of the seizing of the Suez Canal. At that time the index for equities had added a further 1½ points. From then on there was a modest reaction, coupled with a slight accentuation of the decline in all fixed interest stocks. These movements are decidedly small in view of the very unpleasant possibilities arising from the new development; but the real changes of importance were what has been described as a collapse in the oil share market and distinct rises (associated in part with labour troubles) in the prices of tin, rubber and copper. It is to be noted that there is very little change in the shares of these commodities, although some rubber shares are down and one or two leading copper mines are up. While the fall was not precipitate, the Funds reached a new low in the life of the index—that is, since 1935—on August 1, and after a rally again lost ground. There is no doubt that they would have fallen much further but for the specific assurance given by the Chancellor that there would be no further attack on this front unless things were really serious. In these circumstances, the banks have been buyers and it is not improbable that other institutions have followed their example. The ordinary investor, however, is very distrustful of present policy and believes that there is little chance that inflation will be halted. This belief is increased by the fact that the Egyptian affair will put an end to the search for immediate economies in the defence services and will mean supplementary estimates in the autumn. If it were not for this, the virtual certainty of a widespread fall in industrial profits would have caused a much more marked decline in the equity index. The general market picture is practically complete when one has added a renewed fall in gold mining shares to the lowest level since the new index was instituted last December.

Dollar Stocks and Oil

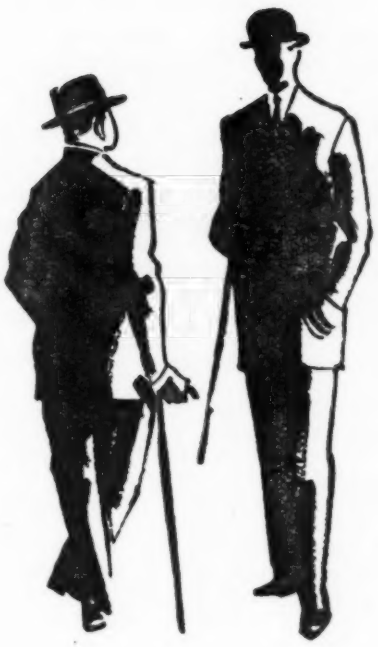
The fall in the leading oil shares has been very substantial, but it must be looked at against the fact that over a period of months there had been a remarkable improvement, much of which was due to speculative buying. So far, only about half this earlier rise has been eliminated even in the case of those shares most intimately connected with the Middle East. Among all these falls it is scarcely surprising that funds have been seeking, if not security, at least a hedge in the purchase of dollar stocks, and in particular those of Canadian concerns. This movement was in full swing before Colonel Nasser's announcement. But after it there was something of a rush to buy and the premium paid in London rose sharply, with a corresponding fall in security sterling and some weakening in both the official and the transferable sterling rates. There is no doubt that the control had to supply dollars, and it is a matter of congratulation that the showing of the gold and dollar reserves at end-July was a shade better than that for June. This, however, is before taking account of the growing E.P.U. deficit, and the outlook in this regard is not rosy. One effect of Mr. Macmillan's statements on the limited use of Bank Rate has been that the weakness of sterling did not lead to a fall in the discount market's demand for Treasury Bills; and, although the rate is now above 5 per cent. once more, the market and outside buyers have absorbed an increase in the issue sufficient to take care of the National War Bond redemption and to make a contribution towards providing funds to repay some of the advances by the banks to the nationalised industries, for which it is now the duty of the Government to assume responsibility. The net effect of those operations and of oversea developments is reflected in the following changes in the indices of the *Financial Times* between July 19 and August 16: Government securities down from 84.68 to 84.37; fixed interest from 94.04 to 93.25; industrial Ordinary from 184.1 to 183.4; gold mines from 83.0 to 80.2.

A New Technique?

In the course of Government operations to support sterling, there appears to have been developed a new technique—new in the sense that it involves the sale of short-dated U.S. Treasury bonds and that it is designed to provide support by depressing the rate of premium on dollar stocks paid in London and, thus, reducing the discount on security sterling. The exact reason for the use of this new method is not very clear, but it is presumably felt that a sudden jump in the premium on dollar stocks in London (it was at one time 7½ per cent.) is an invitation to rush from these into dollars, and it appears that some of the selling of oil shares in London was of American origin. Of course, sales of U.S. shorts represent the same loss of dollars to the Exchange Equalisation Account as any other means to support sterling, but it is to be noted that a sudden drop in the premium encourages the British investor to buy dollar stocks. It seems doubtful whether this is desirable at the present juncture.

The B.S.A. Affair

The squabble within the Board of the *Birmingham Small Arms Company* has been finally resolved, the new Board's policy being confirmed by a substantial majority. The directors have now the task of proving that they were right to object, not only to certain specific acts of Sir Bernard Docker, but to his general philosophy on the matter of publicity. It would scarcely be worth while reverting to the matter were it not for the curious attitude of the shareholders, or at least of those who attended the meeting. It has to be admitted that some at least of these were attracted by the prospect of a first class entertainment rather than by a thirst for information on the position of the company, but their attitude is not the less a matter of some interest. Although some press comments were exaggerated, it was clear that Sir Bernard, the new Board and the representative of the Prudential Assurance Company all failed to attract the real sympathy of the majority of those present. In particular, the "Man from the Pru," as he has become, seems to have been regarded as the villain of the piece. Actually, if the majority are correct in maintaining the new Board in office, they have the iniative of the Prudential to thank for the opportunity. It has long been argued that there ought to be a really first-class shareholders' protection society, consisting of well paid experts whose duty it would be to look after the interests of all members. However, there has never been the volume of support for any such body which is necessary to render it at once efficient, lasting and independent. That being so, there is no doubt that the role played by institutional investors in regard to the relatively restricted list of companies in which they are interested has been on balance very favourable to the interests of the ordinary investor.



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Points From Published Accounts

Full Information on Subsidiaries

MORE AND MORE sets of accounts are now coming out with improved standards of presentation or with additional information. *J. and P. Coats* provides a notable example of more informative accounts. The company now brings to account the figures for subsidiary companies formerly excluded on the grounds of impracticability. Clearly, in a business so dependent upon the activities of its oversea companies, any such moves that can be made are desirable. The accounting problems must be enormous, and the company is to be congratulated for taking this big step forward.

Colour in Accounts

One of the brightest sets of accounts to be published recently were those of *Whitbread*, which made a complete break with tradition, changing over to art paper, and employing plenty of colour. The whole effect is very pleasing; and it has also been found possible to pack in a great deal of additional general information on the business and the brewery trade generally, by means of diagrams and tables.

Revealing Goodwill Written-off

Guest, Keen and Nettlefolds has always been a progressive business, and it is encouraging to note that it follows good accounting practice in eliminating goodwill items from the balance sheet. However, it uses a method that is not very often come across, for instead of just writing down the item, so that readers of the balance sheet are left with no idea at all of how reserves have been affected, the business actually shows goodwill deducted from the reserves. The relevant section of the accounts is reproduced below:

	1955 December 31, 1955		1954 January 1, 1955	
	£	£	£	£
CAPITAL RESERVES:				
Share Premium Account	—		3,779,367	
Depreciation Reserves	4,551,205		3,830,773	
General Capital Reserves ..	2,302,056		9,913,568	
	6,853,231		17,523,708	
Deduct Intangible Assets	259,907		2,205,589	
		6,593,354		15,318,119

A *contra* item naturally appears on the assets side, showing that goodwill has been entirely written off. Certainly, from an accounting point of view, to take no account of goodwill is only prudent, but from the practical viewpoint it cannot be ignored, since if the question of someone wanting to purchase Guest, Keen should ever arise—we are not suggesting that it has or will arise—the value of goodwill would most certainly assume a considerable importance. Admittedly, the goodwill items in most balance sheets relate more frequently to businesses that have been acquired at one time or another, rather than to the parent concern itself, but it is still a very useful thing to have a record kept in this way.

Clarity and Simplicity without Colour

Unilever is another complicated business that manages each year to present remarkably simplified accounts. No colour is used in the presentation, which is, perhaps, surprising for an undertaking of this magnitude. However, what is lacking in colour is made up very effectively by a wealth of tabular and statistical information. A particularly notable feature is the page of salient points laid out right at the beginning of the accounts, from which anyone in a hurry can obtain an admirable picture of the full contents. A further feature that might be copied to advantage by other concerns is the practice of allotting left-hand pages for the financial statements, with the opposing right-hand page devoted to notes on each particular account.

Accounts of the World's Largest Company

General Motors Corporation is generally regarded as the largest single company in the world, and its accounts are made of interest on this score alone. They follow the usual American pattern of lavish presentation with plenty of colour. The information packed into the sixty or so pages of the publication is really staggering and not the least significant item is the attention paid to shareholders. The accounts themselves are quite straightforward, with the usual transatlantic practice of putting assets on the left and liabilities on the right. A no-par-value share structure does make for a simpler and more informative presentation, since shareholders can see at a glance exactly what is the earnings cover for their dividend. Another praiseworthy feature of the profit and loss account is the absence of specific transfers to reserves. After the deduction of dividends, the residual profit is termed "Net income for use in the business (earned surplus)."

No More Specific Reserves

Spillers has joined the ranks of those companies seeking to simplify their balance sheets by eliminating specific reserves. Thus there is now only one heading — "Reserves and Retained Earnings." This is sub-divided into a capital reserve, and retained earnings. This is an admirable practice, since it avoids needless complication and does not confuse the shareholders, who are often prone to think that special reserves are something quite divorced from the rest of the business.

Handsome Accounts

Undoubtedly, in our opinion, the *Bowater Paper Corporation's* accounts take pride of place for presentation and scope on this side of the Atlantic. This year they run to 104 pages, printed throughout on art paper. Pictorial presentation is the basic theme, and there is an almost complete lack of tabular matter: the statistics are there, but one is forced to plough through a lot of reading matter to unearth them. This may not be a bad thing, from the company's point of view, but there is a lot to be said for providing a quick look at the salient point for those with less time to spare. However, it is difficult to quibble with such a beautifully produced and comprehensive publication.

An Improved Lay-out

The presentation of *Lewis's Investment Trust* accounts has benefited enormously from the new lay-out adopted. Formerly one had to turn the report sideways to view the balance sheets, which spread over two pages. Now the parent balance sheet and that of the

group each cover one page and face each other for ease of comparison. Art paper and a lighter type, with the totals picked out in bold, complete the impression of a much more readable and less complicated set of accounts. A particular point of interest, in view of what was said in these notes last month on accounting terminology, is the company's continued practice of calling current assets "net current assets." The latter term is more usually reserved for the difference between current assets and current liabilities.

Simplifying the Accounts

Platt Brothers (*Holdings*) has made considerable changes to the form of its 1955 accounts. The profit and loss account has been simplified by setting in a box the trading profit and all the items deducted in arriving at the net profit, which now stands at the head of the profit and loss account proper, thus reducing the number of items in the account. This new practice may not be altogether desirable, for it tends to minimise the importance, in the minds of those readers less familiar with the details of accounting practice, of the items that have been boxed. Nevertheless, it does make for easier reading of the account as a whole.

A similar move has been made to simplify the consolidated balance sheet, and a leaf has been taken out of *Unilever's* book in condensing all the items on the left-hand page, with an amplification for those who want it on the right-hand facing page. These schedules give all the usual details, so that one can see that the fixed assets stand in at cost or valuation of £9,590,950, less depreciation of £5,753,224. The net figure of £3,837,726 is the only one appearing in the actual balance sheet.

Where to Put the Comparative Figures?

Woodall-Duckham has also changed the format of its accounts, but unfortunately for the worse. Previously the comparative figures for the previous year were printed in the left-hand margin, with the latest figures in the right-hand margin, and the explanatory text separated them. Now the company has gone over to printing the text on the left-hand side of the page, and putting both sets of figures in adjacent columns on the right-hand side. This is a subject upon which these notes have previously touched, and we now reiterate our view of the desirability of avoiding too many different figures in close proximity to one another. Admittedly the final sin of throwing in the parent figures with the group figures has not been committed in this case, but we do feel that the accounts looked better and were more readable in their old form.

Somewhat Crowded

Boots Pure Drug is a fairly complicated business, and yet the accounts emerge in a commendably simple form. The balance sheet affords little scope for comment, but the profit and loss account gives the impression of too much being packed into a given space.

The Liquidity of Assets

Erith and Company adopts the unusual form of showing its current assets in the following order: investments, stocks, sundry debtors, and cash at bank and in hand. As has previously been pointed out in these notes, it is best if assets are set down in their order of liquidity (which way round does not really matter so long as consistency is maintained). The value of this observation lies in the fact that nearly all companies publishing their accounts adhere to this convention. It is surely very doubtful whether the putting of investments first in the Erith accounts is meant to imply that investments are a less liquid item than stocks and debtors.

The Importance of Being Current

An unusual point in the *J. Lyons* accounts is the omission of the word "current" in front of "liabilities," though the usual form "current assets" is adopted. It is important that these two items should be linked in the reader's mind, and the dropping of the word "current" from the liabilities tends to minimise this importance.

Readers' Points and Queries

Small Retailer—Tax Valuation of Goods for Own Consumption

Reader's Query.—We have read with much interest the readers' queries published in the July issue of ACCOUNTANCY (page 290) and your replies thereto. In general we agree with the views expressed, but we feel that there may be cases in which the trader may have difficulty in arranging his supplies so that they are not brought into his shop before being taken out again for his own consumption. In any such case, we would suggest that the formation of a small private company be seriously considered. For whereas we appreciate that goods taken out of stock by the directors of a limited company for their own consumption will be assessed as directors' benefits, it appears to us from the wording of the relevant Section that they would be assessed only on cost price. Section 161 of the Income Tax Act, 1952, specifically refers to "the expense." The relevant portion would appear to be: "where a body corporate incurs expense in or in connection with the provision for any of its directors . . . and, apart from this Section, the expense would not be chargeable to income tax as income of the director . . ., paragraphs 1 and 7 of the 9th Schedule to this Act and Section 27 of this Act shall have effect in relation to so much of the said expense . . ."

For this reason it would appear to us that *Sharkey* v. *Wernher* will not apply to the valuation of goods taken out of stock by directors of a limited company for their own consumption.

Reply.—There appears to be substance in our reader's suggestion: it would indeed appear that an individual trader or partner who uses produce of the business or goods from stock can be charged with the market value, whereas a director of a company can be charged only with the cost.

Estate Duty on Agricultural Assets of Companies

Reader's Query.—I have read a Press report that a 45 per cent. rebate was allowed against death duty on agricultural assets, even though the assets were held through a limited company.

Is the 45 per cent. rebate allowed against death duties payable on agricultural assets in any case, or is the rebate confined to holdings of individuals and individuals holding controlling interest in a limited company?

Reply.—By Section 28 (2) (b), Finance Act, 1954, if the company is engaged in husbandry or forestry and its shares are valued under Section 55, Finance Act, 1940, the agricultural rate of duty is chargeable on such proportion of the net value of the shares or debentures as is attributable to the agricultural value.

Publications

Accountants' Liability to Clients—Negligence Claims. A Summary of Legal Principles and Assurance Practice. Edited by F. B. Reynolds, A.C.I.B. Pp. 26. (*Muir Beddall & Co. Ltd., 37 Gracechurch Street, London, E.C.3:* Gratis.)

SINCE THE FIRST edition of this complimentary booklet was issued in 1934 most accountants in practice will have read it at some time or other. Almost all of them, no doubt, will also have heeded the advice given and will have insured themselves against the possibility that claims for negligence might be made against them by their clients. Nevertheless, the new edition of the booklet is welcome. It reminds all firms of practising accountants that however old-established they may be or whatever their reputation, they are not immune from claims. Owing to the more frequent changes in personnel and the alterations in law, particularly taxation, the risk of being faced with a claim is probably greater now than previously. Furthermore, most accountants have at least one old-fashioned client who never heeds the repeated advice given to him and when things go wrong seeks a scapegoat in his accountant.

The titles and subject matter of the leading Court cases on the liability of accountants and auditors have been brought up to date. As the booklet points out, however, it is more important that many claims do not come before the Court at all. The knowledge that claims can be settled out of Court, even if it is felt there is little or no justification for a claim, relieves the practising accountant of a great deal of worry, although it should never absolve him from carrying out his duties to the best of his ability. In the first edition of the booklet thirty-two examples were given of claims which had been settled out of Court, varying from claims which were well founded to those which were almost unjustifiable. This list of examples has now extended to fifty-eight, including the original ones given in the first edition.

The claims that may be brought against an accountant need not be restricted to those made by his clients. He cannot always plead privity of contract in claims made by third parties; and this is a further aspect of the matter which the publishers might consider in their next edition. H.G.S.

Converting a Business into a Private Company. By Stanley Borrie. Fifteenth Edition. Pp. 54. (*Jordan & Sons Ltd.:* 4s. 6d. net.)

THE PRESENT EDITION is the fifteenth edition of a book first published in 1922. References are to an exempt private company unless otherwise stated.

Following the introduction, the author passes on to discuss a hypothetical case. He cites for purposes of illustration a prosperous business carried on by a sole trader somewhat advanced in years. The trader desires his sons to assume greater responsibility in the business. At the same time, he wishes to make provision for his wife and daughters, as well as to afford an opportunity for his two managers to participate in the prosperity of the business. Using assumed figures (deemed to have been based on recent balance sheets), Mr. Borrie reviews the capitalisation of the company and the capital gearing. He deals with the actual formation of a company and the cost of incorporation. Next, reference is made to the documents required, and practical points arising in the drafting of the memorandum and articles and the vending agreement are discussed.

There is a short review of methods of obtaining additional capital as the business expands but no reference is made to finance houses like the Industrial and Commercial Finance Corporation, or to the possibility of acquiring plant or other assets on hire purchase. It is hardly as easy to obtain fresh capital for a medium-sized private company as the author suggests.

Information is given about duties and fees payable on incorporation, with a table showing the aggregate amounts for a nominal capital ranging from £100 upward.

There is a cursory review of the advantages of converting a business into a private limited company but no reference is made to any possible disadvantages.

The privileges enjoyed by a private company are outlined and the book concludes with the conditions to be satisfied for qualification as an exempt private company.

Mr. Borrie provides in the space of fifty-four small pages an excellent introduction to the subject. J.D.R.J.

Books Received

Multiple Shop Companies—Organisation and Management. By V. G. Winslet, A.S.A.A., A.C.I.S. Third edition. Pp. 136. (*Gee & Co. (Publishers) Ltd.:* 21s. net.)

Summary of Statutory and other Requirements in the Production of Annual Accounts of Companies. Third edition. Pp. 43. (*Gee & Co. (Publishers) Ltd.:* 7s 6d. net.)

The Manual of Modern Business Equipment. Part 9, Accounting and Book-keeping Machines (Keyboard operated), Pp. 48; **Part 10, Visible Record and Reference Equipment,** Pp. 39; **Parts 11 and 12, Adding and Calculating Machines,** Pp. 32 and 26; **Part 13, Telegraphy in Business,** Pp. 30. (*Macdonald & Evans, Ltd.:* 4s. 6d. each part. Set of 25 when completed, £5 5s.) Previous parts noted in ACCOUNTANCY, March, 1956, page 104, and June, page 238.

STOCK EXCHANGE DINNER

The Council of the Stock Exchange gave a dinner on July 17 to The Rt. Hon. The Lord Mayor and the Sheriffs of the City of London.

The principal guests were Mr. Alderman and Sheriff Bernard Waley-Cohen and Mr. Sheriff W. Gilbert Allen. The company included other members and officials of the Corporation of London, the Masters of livery companies, and Presidents of professional bodies.

After the loyal toast, the Chairman of the Stock Exchange (Sir John Braithwaite) proposed the toast of the Lord Mayor, Sheriffs and Corporation of London. Mr. Alderman and Sheriff Bernard Waley-Cohen responded.

Mr. F. H. Doran proposed the toast of the guests.

Sir Richard Yeabsley, C.B.E., F.C.A., F.S.A.A., President of the Society of Incorporated Accountants, in response, acknowledged the great contribution made by the Council and Committee of the Stock Exchange to the high standard of company financing. Sir Richard mentioned especially its efficient but unobtrusive work in the field of prospectuses and offers for sale, and in influencing the form and extent of announcements of company results. He appreciated the lead taken, particularly by Sir John Braithwaite, in encouraging the publication of interim statements by companies.

Sir Anthony Hawke, the Common Serjeant, also responded to the toast.

Legal Notes

Contract and Tort—

Insurance of Goods Held in Trust

J. Ltd., road haulage contractors, took out an insurance policy with R. Ltd., covering "the legal liability of the assured for merchandise belonging to the assured or held by the assured in trust for which the assured are themselves responsible, whilst in transit for road conveyance." J. Ltd. transacted most of their business through sub-contractors; they had contracted to transport a large consignment of copper lying in dock, and the system which they adopted to carry out this contract was to have this copper carried by one or other of their sub-contractors as and when vehicles were available. On one occasion X., a man unknown to J. Ltd., arrived with a lorry at their offices and represented that he was employed by one of their regular sub-contractors and that his lorry was available to carry a load of copper. J. Ltd. accordingly gave X. a delivery note, which he presented at the dock, and he was allowed to remove a load of copper in the lorry. X. was not in fact employed by the sub-contractor and neither he nor the copper was ever seen again.

J. Ltd. considered that they had no answer to the claim made upon them by the owner of the copper. They in turn claimed upon the insurance company, which denied liability, its main point being that the goods were never "held in trust" by its insured. In **John Rigby (Haulage) Ltd. *v.* Reliance Marine Insurance Co. Ltd.** [1956] 3 W.L.R. 407, the Court of Appeal gave judgment in favour of J. Ltd. The Court said that, although owing to X.'s dishonesty J. Ltd. never had any valid contract with him, J. Ltd. did have a valid contract with the owners of the copper for its carriage, and it was under this contract that the copper was handed over to X. The words "in trust" in an insurance policy should be construed widely and were not confined to a legal trust. On the facts of this case the goods were held "in trust" by J. Ltd., even though they themselves never had physical possession of them.

Executorship Law and Trusts—

Powers of Advancement

R. had a protected life interest under four voluntary settlements made by his father and also under his father's will. The settlements each contained an express power for the trustees to advance up to one-quarter of the trust funds "for the advancement, preferment or benefit" of R.'s children, and under the will the trustees had statutory power to advance up to one-half of the fund for the same purpose. R. had three children, one of whom was still an infant. It was proposed that the two adult children should make voluntary settlements, that R. on behalf of the infant child should make another voluntary settlement and that the trustees of the original settlements and of the will should, if they considered it for the children's benefit to do so, advance to the trustees of the children's settlements the full amount that they had power to advance. The trustees of the original settlements and the will now asked the Court whether the proposed exercise of their powers of advancement would be valid.

In **Re Ropner's Settlement Trusts** [1956] 1 W.L.R. 904, Harman, J., said that one of the objects of the proposed scheme was to save death duties if R. should live for five years after the advancements were made. In his view this was a perfectly legitimate consideration and, if the trustees considered that the scheme would be for the benefit of the children, they were entitled to exercise their powers of advancement in the way proposed in respect both of the two adult children and of the infant.

Executorship Law and Trusts—

Murder of Testatrix by Beneficiary

It has long been the rule that no person may take any benefit arising out of a death brought about by the agency of that person acting feloniously, whether it be a case of murder or manslaughter, but there has hitherto been no clear authority as to the consequences arising from an application of that rule. In **Re Callaway** [1956] 3 W.L.R. 257, Mrs. C. had a son C. and a daughter Mrs. S. who had an infant son. Mrs. S. murdered Mrs. C. and the infant and then committed suicide. Under the will of Mrs. C. the sole beneficiary was Mrs. S. In these circumstances C. claimed that he was entitled to the whole estate as next-of-kin, but the Crown contended that the half-share which would ordinarily have passed to Mrs. S. on an intestacy became vested in the Crown as *bona vacantia*.

Vaisey, J., held that previous authority bound him to hold that all benefits which would normally have gone to the felon either under the will or under an intestacy must be treated as "struck out," and that accordingly C. was entitled to the whole estate.

Insolvency—

Payment of Maintenance to Bankrupt Wife

In **Re Tennant's Application** [1956] 1 W.L.R. 874, the Court of Appeal confirmed the decision of Upjohn, J., which was noted in ACCOUNTANCY for April, 1956 (page 150).

Miscellaneous—

Jurisdiction of Arbitrator

K., a quantity surveyor, agreed to perform certain professional services for the Government of Gibraltar under a contract which contained the following arbitration clause: "If any dispute or difference shall arise or occur between the parties hereto in relation to any thing or matter arising out of or under this agreement the same shall be referred to an arbitrator." A dispute arose between the parties and was referred to an arbitrator. K. claimed *inter alia* for the balance of fees alleged to be due under the express terms of the contract, and it was common ground that the arbitrator had jurisdiction to try this issue. K., however, also claimed in the alternative that the original contract had been frustrated and that he was entitled to remuneration on a *quantum meruit* for services rendered, or in the further alternative under Section 1 (3) of the Law Reform (Frustrated Contracts) Act, 1943, for remuneration equivalent to the value of the benefit obtained by the Government from services rendered by him before the contract was frustrated. The Government contended that the arbitrator had no jurisdiction to try these alternative claims.

In **Government of Gibraltar *v.* Kenney** [1956] 3 W.L.R. 466, Sellers, J., said that the Court would have jurisdiction to make such a declaration, if on the merits it considered it right to do so. However, the phrase "matters arising out of the agreement" was very much wider than the phrase "under the agreement," and in his view all the issues in dispute were matters "arising out of the agreement." The arbitrator had jurisdiction to deal with all the issues.

It is worth notice that the arbitrator had been made a defendant to the proceedings, but he had notified the plaintiffs that he would take no part in the proceedings and would abide by any order which the Court might make. Sellers, J., said that this was a very proper course for the arbitrator to take.

The Student's Columns

I—SOME TAX COMPUTATIONS

THE INCOME TAX ACTS contain so many complications today that it is time the legal maxim that "ignorance of the law excuses nobody" was modified. Consider the following simple repayment claim:

	£	£	*Tax* £ s. d.
Pension		104	
Interest on Consols ..		300	127 10 0
		404	
Age relief (2/9ths)	90		
Personal	140		
	—	230	
		174	
		£ s. d.	
£60 at 2/3		6 15 0	
114 at 4/9		27 1 6	
			33 16 6
Tax repayable			£93 13 6

Strictly speaking, according to the Act, all reliefs should be calculated in terms of tax, when the computation would read as follows:

	£	£	£ s. d.
Pension		104	
Interest on Consols ..		300	
		404	
Age relief (2/9ths)	90		
Personal	140		
	—	230	
		174	
Reliefs		230	
Less: Untaxed Income ..		104	
Repay on ..		126 at 8/6=	53 11 0
		60 at 6/3=	18 15 0
		114 at 3/9=	21 7 6
			£93 13 6

Should the taxed income be from a company entitled to credits for tax paid overseas, so that it has a net United Kingdom rate less than the standard rate, the calculation must be done the second way. Suppose the £300 were a dividend from a company with a net United Kingdom rate of 5s. 11d., then the repayment would be:

	£ s. d.
£126 at 5/11=	37 5 6
60 at 5/11=	17 15 0
114 at 3/9=	21 7 6
	76 8 0

* * *

Consider the effect on anyone not well versed in taxation practice of receiving the following computations of repayment (based on a recent receipt!).

	£	£ s. d.
Schedule D		170 0 0
Schedule A		140 0 0
United Kingdom dividends ..		349 7 6
Double tax relief dividends ..		111 12 6
		771 0 0
Maintenance	75	
Bank interest	10	
Mortgage interest	112	
National Insurance contribution (N.I.C.)	14	
	—	211
		560
Earned Income Relief (E.I.R.)	38	
Personal Allowance ..	140	
	—	178
		382 Effective rate 3/8

The calculation of effective rate was not shown, but would be as follows:

	£ s. d.
£360 at reduced rates ..	93 0 0
22 at 8/6	9 7 0
	£102 7 0

$$\frac{102{\cdot}35}{560} = 3/8$$

The Inspector's computation proceeded:

	£ s. d.
United Kingdom dividends	349 7 6
Mortgage interest ..	112 0 0
	237 7 6
	*177 0 0
	†60 7 6

	£								
N.I.C.	14								
E.I.R.	38								
Maintenance	75								
Bank interest	10								
Personal allowance	140								
	277								
Untaxed	310	£	s.	d.		£	s.	d.	£ s. d.
33 at 2/3=									3 14 3
*£27 at 6/3=		8	8	9					
*£150 at 3/9=		28	2	6					
†£60.7.6 at 1/9=		5	5	8					
									41 16 11
									38 2 8
Double tax relief:									
Net		69	15	3					
Gross at 3/8		15	13	3					
		85	8	6	at 3/8	15	13	3	
United Kingdom tax deducted						18	16	7	
									3 3 4
Repayment									41 6 0

End of computation

(The signs * and † do not appear in the Inspector's computation; they are added here to simplify it!)

Comment:

It is apparent that the dividend voucher must have given the following information:

	£	s.	d.
Dividend declared	75	8	6
Non-residents' tax at 1/6 in £	5	13	3
	69	15	3
Less: U.K. tax at 4/3 in £ on £88.11.10 ..	18	16	7
Net dividend received	50	18	8

The provisional relief at 4s. 3d. so given exceeds the taxpayer's effective rate of 3s. 8d., and he is entitled to relief only at the second rate. He is, however, entitled to deduct from his income from the source the excess of the oversea tax over the relief given. This is done by grossing up the oversea dividend (net of all oversea tax) at the rate of relief, i.e. £69 15s. 3d. × 20/16⅓ths=£85 8s. 6d. is regarded as the oversea income.

The oversea rate of tax of the company obviously exceeds 4s. 3d. Compared with the provisional gross of £88 11s. 10d. his oversea income becomes:

	£	s.	d.	£	s.	d.
Provisional gross				88	11	10
Less: Unrelieved oversea tax ..	88	11	10			
	69	15	3			
Oversea tax	18	16	7			
do. relieved	15	13	3			
				3	3	4
New gross				85	8	6

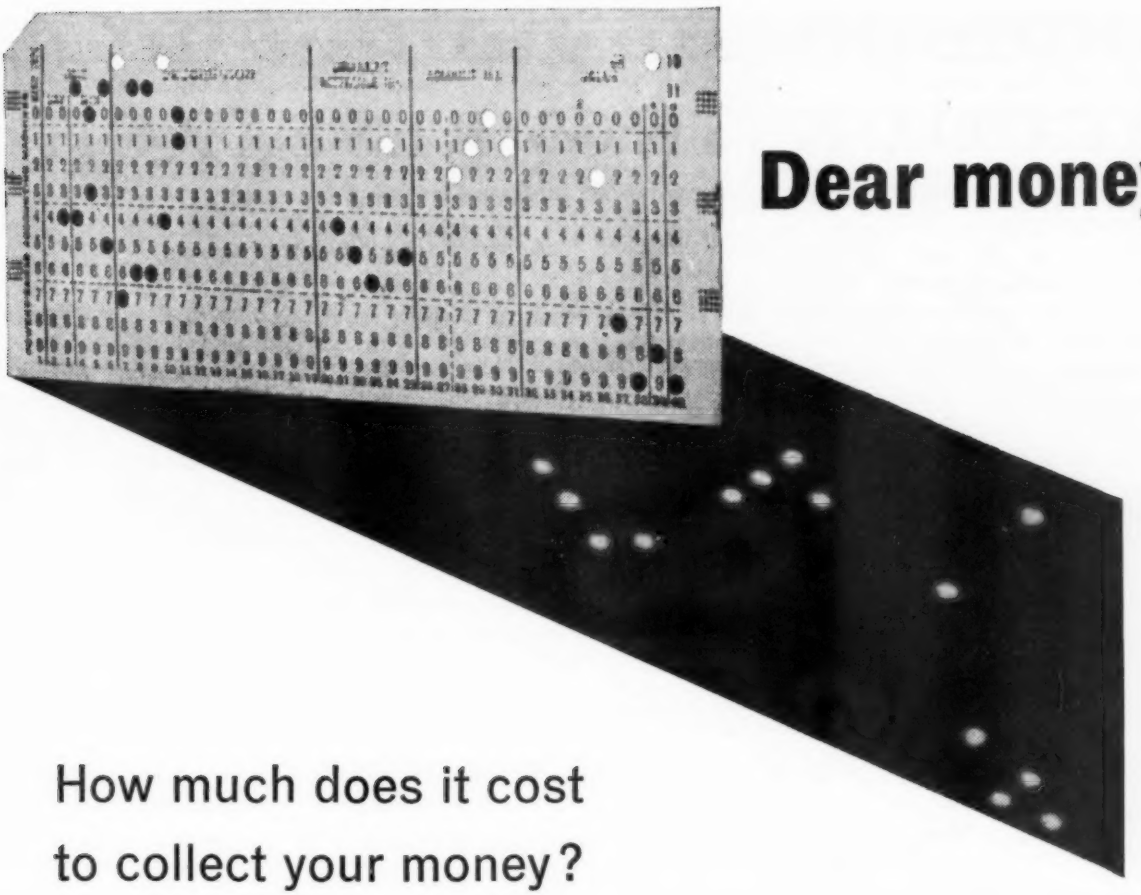
II—LIQUIDATION AND RECEIVERSHIP

A GOOD DEAL of bankruptcy procedure* has been adapted to liquidations, but it must be remembered that there are some important differences between bankruptcies and liquidations.

Bankruptcy arises from the insolvency of an individual or individuals. It may affect the personal status of the individual. The same individual may be bankrupt on more than one occasion. But when a company goes into liquidation, it ceases to exist and its name is removed from the Register. The company is a separate person, distinct from its members; the winding-up of an insolvent company does not make the members bankrupt. Further, there are a number of reasons, other than insolvency, that can lead to the winding-up of a company. There may be a scheme of reconstruction by which the company comes to an end, its assets and liabilities being assumed by another company. Or it may be that the company was created for the attainment of a certain objective and once it is attained the company is no longer needed.

There is the further complication that the liquidation of a company may be conducted either voluntarily or by order of the Court, the procedures being different. A voluntary liquidation stems from the company itself. The proceedings are in the hands of the members and, if insolvency exists, of the creditors as well. It is certainly true that the Companies Act, 1948, governs the situation, but the Rules made under the Act have only limited

*See the student's article "Bankruptcy Accounts" in the last issue of ACCOUNTANCY, pages 330-31.



Dear money

How much does it cost to collect your money?

Whether you sell goods or services, run a business or control the finances of a local authority, the preparation of invoices, bills, demands (call them what you will) involves costly clerical effort.

Powers-Samas punched card methods make light work of the job. Machines do the arithmetic and produce the finished bills — swiftly, at low cost and with machine accuracy. Then they fill in their time with other accounting, costing and statistical tasks.

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application—there is not much "external" control. If, however, the liquidation is a compulsory one, the Rules apply and there is a great degree of supervision, somewhat analogous to that exercised in bankruptcy.

Again, in voluntary liquidation, until the name of the company is struck off the Register, the provisions of the Articles of the company continue in force so far as any inconsistency with the new situation is excluded. The powers of the directors will not cease absolutely—indeed, the liquidator may require them to continue to act. If, however, there is a compulsory liquidation, the Winding-up Order virtually brings the existence of the company to an end: the directors cease to function and the liquidator assumes control, his powers being governed by the Act and Rules. Even so, the company continues in being for the purpose of distributing the assets and other such functions.

Sometimes, when the Court is not satisfied that the existing voluntary liquidation of a company can be continued with justice to the parties concerned, a Supervision Order is made. During 1954, 3,640 winding-up proceedings were begun in Great Britain, of which 3,213 were voluntary and 427 compulsory, that is, about 12 per cent. of liquidations were compulsory. Very few liquidations occur under Court supervision.

A company is put into voluntary liquidation by a resolution—ordinary, extraordinary or special according to particular circumstances. The resolution must be forwarded to the Registrar within fifteen days and the liquidation is deemed to commence at the date of its passing. The effects of the winding-up are that the company ceases to carry on business (except for the purpose of winding-up); the directors' powers cease except in so far as their continuance is authorised; one or more liquidators will be appointed and the property of the company will be applied for the purposes of satisfying creditors and distributing any surplus among members in accordance with their rights. Since 1929, the voluntary liquidation of a solvent company is conducted as a "members' " winding-up: the directors then make a statutory declaration that after full inquiry they are of the opinion that the company can pay its debts in full within twelve months from the commencement of the winding-up. Any other liquidation is a "creditors' winding-up."

One or more liquidators have to be appointed, as already mentioned, in a creditors' winding-up, the creditors' nominee taking precedence over the members'. The creditors decide in such a winding-up whether or not a Committee of Inspection shall be appointed. The liquidator has full power to sell the assets for the purpose of paying the creditors and distributing the balance. He has authority to pay costs and expenses, including his remuneration, in priority to all other claims; then he must pay the preferential claims and next the other liabilities ranking *pari passu*. He can make calls on shares if necessary. He must open a bank account in his name as liquidator. If the winding-up is not completed within a year, returns to the Registrar have to be made.

In a compulsory liquidation, proceedings are commenced by the presenting of a petition by the company itself, its creditors or contributories. There are a number of reasons why such petitions may be lodged. For example, the company may be unable to pay its debts or, being a private company, its membership may have fallen below two. A provisional liquidator may be appointed by the Court until a Winding-up Order is made, the purpose being the safeguarding of the property of the company until the Order is made. The effect of the Winding-up Order is to cause the Official Receiver to take charge until he or some other person is appointed liquidator. A statement of affairs will have to be prepared in the prescribed form, and any creditor or contributory may inspect this. The Official Receiver has the duty of calling meetings of creditors and contributories for the purpose, *inter alia*, of appointing a liquidator in his place and a Committee of Inspection. The liquidator must give security and notify the Registrar of his appointment, and the Official Receiver will then put the liquidator in possession of the property of the company. His duty is to realise the assets, discharge the liabilities in proper order and return the surplus, if any, to the contributories. Costs of liquidation are paid first, then priority creditors, unsecured creditors, interest from the date of the Winding-up Order and lastly the contributories. Books and accounts have to be kept by the liquidator, and there are rights of inspection by interested parties. Every six months from the date of the Winding-up Order, the liquidator must forward duplicate copies of his accounts to the Board of Trade, verified by a statutory declaration. All monies received by the liquidator are to be paid into the Companies Liquidation Account at the Bank of England, although the Board of Trade may, in certain circumstances, authorise the opening of an account at some other bank. The liquidator applies for his release when his duties are completed, and notice of the application must be given to creditors and contributories, accompanied by a summary of receipts and payments in the winding-up.

A receiver may be appointed for a variety of reasons, such as the carrying on of the business of a company with a view to the realisation of the assets for the benefit of the debenture holders. Accounts have to be kept by the receiver, and the rules that apply are somewhat varied when the debentures have a floating charge and when the appointment of the receiver is by the Court.

In preparing the final account of a liquidation to the date of the receiver's application for release, the statutory form is really that of a receipts and payments account. No double-entry is required. Preferential creditors are paid before debenture holders with a floating charge, and debenture holders with a fixed charge will receive payment out of the proceeds of their security. If the security proves insufficient, the balance ranks as an unsecured creditor; should the charge be floating as well as fixed, the balance ranks after the preferential creditors have been paid in full. A calculation of the remuneration is usually required; it is based on the liquidator's receipts and on dividends paid.

(*To be concluded*)

THE SOCIETY OF Incorporated Accountants

District Societies and Branches

London

AT A MEETING of the Committee held on June 26, Mr. W. J. Crafter, F.S.A.A., and Mr. A. C. Simmonds, F.S.A.A., were elected Chairman and Vice-Chairman, respectively, of the London and District Society for the ensuing year.

MR. W. J. CRAFTER, F.S.A.A.

The new President of the London and District Society, Mr. W. J. Crafter, F.S.A.A., qualified as an Incorporated Accountant in 1922, and is now in practice in the City of London. He is also director and secretary of Samuel Williams & Sons Ltd., John Hudson & Co. Ltd., Hudson Steamship Co. Ltd., and John Hudson Fuel and Shipping Co. Ltd., and a director of Stent Precast Concrete Ltd.

Mr. Crafter is an alderman of the county of Essex, and chairman of the Finance Committee of the County Council. He is a member of the Metropolitan Water Board and of the Lee Conservancy Catchment Board.

London Students' Society

MR. J. A. JACKSON, F.S.A.A., has accepted the invitation of the London Students' Society to continue as President for a further year.

Mr. D. S. Morris, A.S.A.A., and Mr. J. V. Wilson, A.S.A.A., have been elected Chairman and Vice-Chairman, respectively, of the Committee.

Scottish Branch

A MEETING OF the Council of the Scottish Institute of Accountants, the Scottish Branch of the Society, was held in Glasgow on July 31.

Members stood in silence in respect of the memory of the late Mr. James M. Roxburgh, a member of the Scottish Council since 1941, who died on June 18.

It was reported that the Glasgow Students' Society held a golf meeting in June, and that a series of lectures was being arranged.

A discussion took place on the poor results attained by Scottish candidates in the Intermediate Examination held in May.

Liverpool

THE ANNUAL GENERAL MEETING was held on July 17.

The following officers and committee were elected: President, Mr. C. Pearson; Vice-President, Mr. J. Ainsworth; Committee, Mr. W. A. Airey, Mr. L. Bailey, Mr. J. Buchanan, Mr. E. Chetter, Mr. A. L. Dickson, Mr. N. C. R. Fleming, Mr. F. W. Frodsham, Mr. J. L. Hughes, Mr. Bertram Nelson, Mr. R. V. Olsen, Mr. H. W. Pople, Mr. W. T. Porter, Mr. C. W. Robinson, Mr. L. Schorah, Mr. P. Slater, and Mr. H. F. Smith; Students' committee representatives, Mr. N. F. Sargent and Mr. W. Makin; Honorary Auditor, Mr. W. E. Taffs; Joint Honorary Secretaries, Mrs. B. Bramwell McCombe and Mr. G. English.

South of England

Annual Report

THERE ARE 279 qualified members and 239 students.

The Committee congratulates fourteen Final and twenty-four Intermediate candidates on passing their examinations. The centre at Southampton is appreciated, and the percentage of passes there has been higher than the national average. Thanks are due to members of the District Society who acted as invigilators.

A dinner was held in Southampton in April, 1955, and a supper dance in January, 1956. Three cricket matches were arranged by the Bournemouth region.

Four lectures were given at each of the regional centres—Bournemouth, Isle of Wight, Portsmouth, and Southampton.

South Wales and Monmouthshire

Cardiff Students' Society

THE ANNUAL GENERAL meeting of the Cardiff Incorporated Accountants' Students' Society was held on July 5. The secretary, Mr. J. Alun Evans, reported that attendance at meetings was greater than in recent years, and he was sure that students had benefited.

Mr. D. O'Shea, A.S.A.A., was re-elected Chairman, and Mr. N. W. Simms Vice-Chairman. Mr. A. T. Ogilvie was elected Honorary Secretary, and Mr. K. M. Roberts Librarian. Mr. L. Godfrey was elected to the committee, and Mr. J. Alun Evans was invited to remain on the committee to advise the new secretary.

Mr. D. O'Shea, A.S.A.A., made a presentation to Mr. J. Alun Evans, in recognition of his services as secretary for thirty-three years.

Events of the Month

September 7.—*Glasgow:* "Consolidated Accounts," by Mr. John Stewart, C.A., A.S.A.A. Students' meeting. Scottish College of Commerce, Pitt Street, at 6.15 p.m.

September 17.—*Coventry:* "Current Economic Problems," by Mr. A. R. Ilersic, M.SC.(ECON.), B.COM. Rose and Crown Hotel, High Street, at 6.15 p.m.

September 20 to 25.—*Cambridge:* Incorporated Accountants' Course. Gonville and Caius College.

September 21.—*Waterford:* Lecture by Mr. K. S. Carmichael, A.C.A. Students' meeting.

September 24.—*Cork:* Lecture by Mr. K. S. Carmichael, A.C.A. Students' meeting.

September 24 to 28.—*London:* Pre-examination courses. King's College.

September 25.—*Dublin:* Lecture by Mr. K. S. Carmichael, A.C.A. Presbyterian Association, 16 St. Stephen's Green, at 6.30 p.m.

Newcastle upon Tyne: "Pensions, with particular reference to the Finance Act, 1956," by Mr. B. D. Duncan, A.C.I.I. Library, 52 Grainger Street, at 6.15 p.m.

September 28.—*Bristol:* "Partnership Law and Accounts" and "Company Law and Accounts," by Mr. R. Glynne Williams, F.C.A., F.T.I.I. Pre-examination lectures. Royal Hotel, College Green, at 6.30 p.m.

Swansea: District Society annual general meeting. Guildhall, at 7.0 p.m.

September 29.—*Bristol:* "Executorship Law and Accounts," "Auditing," "Taxation and Costing," "Examination Technique," by Mr. R. Glynne Williams, F.C.A., F.T.I.I. Pre-examination lectures. Royal Hotel, College Green, 10.0 a.m. to 4.0 p.m.

Leeds: "Profits Tax," by Mr. J. A. Shires, A.S.A.A. 2 Basinghall Square, at 10.30 a.m.

October 1.—*Coventry:* "An Approach for Students to the Consolidated Balance Sheet," by Mr. F. H. Hyam, A.S.A.A. Rose and Crown Hotel, High Street, at 6.15 p.m.

London: "Investigations," by Mr. A. C. Simmonds, F.S.A.A. Students' meeting. Incorporated Accountants' Hall, W.C.2., at 6 p.m.

October 2.—*Stockton:* "General Commercial Knowledge," by Mr. P. E. Harris, A.S.A.A. Sparkes Cafe, High Street, at 6.30 p.m.

October 3. — *London:* Taxation Group meeting. Incorporated Accountants' Hall, W.C.2., at 6 p.m.
Newcastle upon Tyne: "Statutory Considerations of Auditing," by Mr. P. E. Harris, A.S.A.A. Library, 52 Grainger Street, at 6.15 p.m.
October 5.—*Birmingham:* "Valuation of Shares," by Mr. K. S. Carmichael, A.C.A. Law Library, Temple Street, at 6.15 p.m.
Glasgow: "Banking and Money," by Mr. Eric Furness, B.SC., M.SC. Students' meeting. Scottish College of Commerce, Pitt Street, at 6.15 p.m.
Leicester: "Investigations," by Mr. A. R. English, A.C.A. Joint students' meeting. Bell Hotel, at 6 p.m.
Manchester: Dinner. Midland Hotel, at 6.15 p.m.
October 6.—*Leeds:* "The Estate Duty Account," by Mr. C. S. Paylor, A.S.A.A., A.C.A. 2 Basinghall Square, at 10.30 a.m.

Council Meeting

JULY 24, 1956

Present: Sir Richard Yeabsley (President), Mr. Edward Baldry (Vice-President), Mr. John Ainsworth, Mr. F. V. Arnold, Mr. C. Percy Barrowcliff, Mr. R. Wilson Bartlett, Mr. Mervyn Bell, Mr. C. V. Best, Mr. A. Blackburn, Professor F. Sewell Bray, Mr. Henry Brown, Mr. W. F. Edwards, Mr. E. Cassleton Elliott, Mr. J. S. Heaton, Mr. Hugh O. Johnson, Mr. C. Yates Lloyd, Mr. Bertram Nelson, Mr. P. D. Pascho, Mr. S. L. Pleasance, Mr. F. A. Prior, Mr. J. Richardson, Mr. W. G. A. Russell, Mr. R. E. Starkie, Mr. Joseph Stephenson, Colonel R. C. L. Thomas, Mr. E. J. Waldron and Mr. Richard A. Witty.

Council
The Council congratulated Sir Frederick Alban upon receipt of the honorary degree of LL.D. from the University of Wales.

It was reported that honorary membership of the Australian Society of Accountants had been conferred upon Mr. E. Cassleton Elliott and upon Mr. A. A. Garrett. The Council congratulated them both.

Good wishes were extended to Mr. John Ainsworth, who at the request of the Foreign Office was to visit Teheran to examine the financial administration of that city, and to report to the mayor.

The President made a presentation on behalf of the Council to Mr. Bertram Nelson in gratitude for his services to the Society as President from 1954 to 1956.

Reports of Committees
The minutes were received of recent meetings of the Finance and General Purposes, Examination and Membership, Applications, Parliamentary and Taxaton, District Societies, and Disciplinary Committees and of the ACCOUNTANCY Editorial Conference.

Members on National Service
It was resolved that from January 1, 1957, the membership subscription of a member serving compulsory full-time national service in H.M. Forces on January 1 in any year should, on application by the member in writing, be waived for that year, provided that the waiver should not apply for more than two years in the case of any member.

President's Letter to the Chancellor
It was reported that the President had written to the Chancellor of the Exchequer on matters arising from the Budget proposals, making representations about profits tax, retirement benefits and surtax.

Oversea Visits
Mr. Bertram Nelson agreed to represent the Society at the Accountants' Day of the Netherlands Institute in Utrecht on September 29 and at the twenty-fifth anniversary conference of the Institut der Wirtschaftsprüfer in Düsseldorf from September 30 to October 6.

Bye-Laws
An alteration was effected in the wording of Bye-law 10, relating to candidates not serving articles of clerkship.

Membership
The Council approved applications for admission to membership of the Society, for advancement to Fellowship, and for registration as members in retirement, subject to the payment of the appropriate fees and subscriptions.

Library
It was reported that Mr. A. A. Garrett had presented to the library the three volumes of R. Ackerman's *The Microcosm of London*, and that gifts for the purchase of books had been made by Mr. R. J. Snow and Mr. A. J. Tomsett. The Council expressed its appreciation to Mr. Garrett, Mr. Snow and Mr. Tomsett for their generosity.

Resignations
It was reported that the following had resigned their membership of the Society: ADAMS, Stanley (Associate) Warwick; BRADLEY, Ernest Robert (Fellow) Blandford; BREBNER, Noel James (Associate) Barnes; BRIDGWATER, Joseph (Fellow) Birmingham; CARLISLE, Victor (Associate) Banbury; ELLIS, John (Associate) Tonbridge; GIBSON, Albert Vincent (Associate) Whitstable; HARDS, Henry William (Associate) Abingdon; TUKE, Henry (Associate) Doncaster.

Deaths
The Council received with regret a report of the death of the following members: BOURNE, Ernest Manning (Associate) Swanland; COOPER, Frederick Peter H. (Associate) Pretoria, South Africa; DAVIES, William Allison (Fellow) Preston; FORSYTH, William (Fellow) Carlisle; HADFIELD, Gerald (Fellow) Johannesburg, South Africa; HEGARTY, Berti Joseph (Associate) London; HODGETTS, Ernest Arthur (Associate) Birmingham; HOLMES, William Henry (Fellow) Stockton-on-Tees; HOWARTH, Reginald (Associate) Doncaster; JACKSON, Herbert Le Mare (Associate) Stockport; PENNELL, Harry (Associate) Stoke-on-Trent; PHILLIPS, Rupert Payne (Associate) Ifield; RAILTON, Courteney Hugh (Associate) Neath; WILLIAMS, Ernest Alfred M. (Fellow) Victoria, B.C.; WORRALL, Joseph Henry (Associate) Blackpool.

Examinations—November 1956

THE SOCIETY'S EXAMINATIONS will be held on the following dates:

Preliminary:	November 13 and 14.
Intermediate:	November 15 and 16.
Final: Part I	November 13 and 14.
Part II	November 15 and 16.

The Centres will be Belfast, Birmingham, Cardiff, Dublin, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle upon Tyne and Southampton.

Completed application forms, together with all the relevant supporting documents and the fee (Final, Part I, £4 4s.; Part II, £4 4s.; Parts I and II together, £7 7s.; Intermediate, £4 4s.; Preliminary, £3 3s.) must reach the Secretary at Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2, not later than Thursday, September 20, 1956.

Candidates are asked to obtain application forms from the Honorary Secretary of their Branch or District Society.

Personal Notes

Mr. H. Franklin Carpenter, C.B.E., F.S.A.A., F.C.I.S., chairman of the Electricity Authority of Cyprus and a member of the South Eastern Electricity Board, has been appointed Vice-President of the British Electrical Development Association, in recognition of his services to the Association and to the electricity supply industry.

Mr. G. O. W. Pickard, F.S.A.A., a past President of the Incorporated Accountants' District Society of Yorkshire, has been elected a member of the Council of the Leeds Incorporated Chamber of Commerce.

Messrs. A. Nicholson, Leeds, announce that Mr. M. Watherston, A.A.C.C.A., has retired from the firm. The continuing partner, Mr. R. Waterhouse, A.S.A.A., has taken into partnership Mr. W. S. Morley, A.S.A.A., and they are carrying on the practice under the style of A. Nicholson & Co., Incorporated Accountants, at the same address.

Messrs. Kemp & Birnie, Chartered Accountants, Nassau, Bahamas, announce that Mr. Donald E. Britchford, C.A., A.S.A.A., has been admitted to partnership. The name of the firm remains unchanged.

Mr. Derrick P. Harris, A.S.A.A., has commenced public practice at Norton House, 88–90 London Road, Leicester, under the style of D. P. Harris & Co., Incorporated Accountants.

Mr. Kenneth T. H. Naylor, A.S.A.A., has been appointed Finance Secretary to the Missions to Seamen.

Removals

Messrs. Allen Edwards & Co., Chartered Accountants and Incorporated Accountants, have moved to 7 Greenfield Crescent, Edgbaston, Birmingham, 15.

Messrs. Dyke, Ruscoe & Hayes advise that their Ludlow address is now 41 Mill Street.

Obituary

William Forsyth

WE RECORD WITH regret the death on June 16 of Mr. William Forsyth, F.S.A.A., F.I.M.T.A., formerly Borough Treasurer of Carlisle. He was 58 years of age, and had been a member of the Society of Incorporated Accountants since 1930.

After some years in the Borough Treasurer's Department at Carlisle, Mr. Forsyth was appointed Borough Accountant of Conway in 1932. In 1936 he became Borough Treasurer of Widnes, and in 1945 he returned to Carlisle as Borough Treasurer, holding that appointment until ill-health compelled his retirement two years ago.

James Murdoch Roxburgh

WE DEEPLY REGRET to report the death on June 18 of Mr. James M. Roxburgh, F.S.A.A., a member of the Council of the Scottish Branch of the Society.

Mr. Roxburgh served his articles with the late Mr. E. Mortimer Brodie, F.S.A.A., and qualified as an Incorporated Accountant in 1926. In the following year he was admitted to partnership in his principal's firm, Messrs. James M. Brodie & Co., Port Glasgow.

He was elected in 1941 as a member of the Council of the Scottish Institute of Accountants, the Scottish Branch of the Society.

Notices

The Accountants' Christian Fellowship will hold a meeting for Bible reading and prayer on Monday, September 3, at 12.30 p.m., in the vestry of St. Mary Woolnoth Church, King William Street, London, E.C.3. The Fellowship was formed in 1953. It has now about 350 members, and the number is increasing. Its basis is acceptance of the principles of the Christian faith as taught in the scriptures, particularly a personal trust in our Lord and Saviour, Jesus Christ. Monthly meetings to hear speakers will be held throughout the winter, and will be followed by discussion meetings for students. Meetings for Bible reading and prayer are held monthly throughout the year. Membership is open to all accountants and accountancy students. Those wishing to join are invited to write to the Honorary Secretary, Mr. N. Bruce Jones, C.A., 7A Princes Rise, Lewisham, London, S.E.13.

Municipal and General Securities Co. Ltd., has issued a pamphlet, **The "M. & G." Thrift Plan—Thrift Plans for Others.** It explains simply and in general terms the procedure and advantages of a designated account and of a trust account in the names of trustees under a deed of trust, and summarises the tax advantages of a trust account and of deeds of covenant. A specimen deed of trust for an infant child is appended. The pamphlet is obtainable from the company at 9 Cloak Lane, London, E.C.4.

The recording of rates for carriage by goods train on **British Railways** is to be modernised by a change from bound books to visible records and loose-leaf binders. The cumbrous books now in use are nearly thirty years old and well-thumbed, and millions of entries have been written in by hand as new rates have been introduced. Most of the 6,000 stations have two books each. To ensure flexibility and accuracy, it has been decided to use at Regional Headquarters and the larger stations the Roneodex system of visible records held in pockets, housed in a steel cabinet and readily manipulated in trays. At stations where the number of rates to be recorded is smaller, Twinlock loose-leaf binders with split rings will be introduced.

A conference will be held in conjunction with the **Fuel Efficiency Exhibition** at Olympia, London, from October 2 to 10. The Minister of Fuel and Power (Mr. Aubrey Jones, M.P.) will open the exhibition. The conference will be opened by Sir Graham Hayman, President of the Federation of British Industries. The subjects to be discussed include the efficient use of coal, oil and gas; heat and power surveys; waste heat recovery; and the Clean Air Bill and industry. It is organised by a committee representative of interested organisations, under the auspices of the Institute of Fuel.

Two new **Twinlock** products are now available. The Vetro Lateral cabinet houses the vetro lateral suspension filing folder, accommodating fifty to eighty files. Cabinets can be bolted together. Each has a drop-down dust-proof lid, which can be used for sorting papers, or the lids can be slid out of sight so that all folders are visible. The price of a cabinet with fifty folders is £16 6s. 9d. Locks can be fitted at an extra charge. The new Presto tray is designed to hold cards used with accounting machines. It has spring loaded side arms, hinged tilt plates for visibility, a serrated base, smooth handles, label holder, and felt pads to avoid scratching of the desk surface. There are two sizes, both adjustable for cards of varying widths. The prices are £7 7s. 6d. and £7 13s. 5d.

A Business Efficiency Exhibition will be held at St. Mary's Drill Hall, Southampton, from September 24 to 28, under the auspices of the Office Appliance and Business Equipment Trades Association.

The Co-operative Permanent Building Society offers a return of £4 8s. per annum, income tax paid, to those who continue for ten years a regular saving of £1, £2, £3, or £4 per month. If the account is closed before the completion of two years, no interest is paid; those who save for two years but less than ten years receive £2 10s. or £3 per cent. This is the second scheme devised by the Society to encourage regular saving. The four-year target subscription scheme was introduced five years ago, and current balances are now over £1 million.

Two forthcoming conferences are announced by the **British Institute of Management.** In conjunction with the Incorporated Sales Managers' Association, it has arranged a series of papers to be given at the Royal Festival Hall on October 9 on *The Management Challenge of 1957—Can we sell our way out of inflation*? The leading speaker will be the Rt. Hon. the Earl of Woolton, C.H., President-Elect of the Incorporated Sales Managers' Association. A national conference on *Management — Profits — Living Standards* will be held at Harrogate from October 31 to November 2 by the British Institute of Management and the Institute of Industrial Administration. It will be opened by Dr. The Rt. Hon. Charles Hill, P.C., M.P., Postmaster-General.

Classified Advertisements

Two shillings and sixpence per line (average seven words). Minimum ten shillings. Box numbers one shilling extra. Replies to Box Number advertisements should be addressed Box No. . . . , c/o ACCOUNTANCY, *Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2, unless otherwise stated. It is requested that the Box Number be also placed at the bottom left-hand corner of the envelope.*

APPOINTMENTS VACANT

THE SOCIETY'S APPOINTMENTS REGISTER

Employers who have vacancies for Incorporated Accountants on their staffs and also members seeking new appointments are invited to make use of the facilities provided by the Society's Appointments Register. No fees are payable. All enquiries should be addressed to the Appointments Officer, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2. Tel. Temple Bar 8822.

UNIVERSITY COLLEGE OF NORTH WALES, BANGOR

Applications are invited for the post of Accountant. The salary scale is £750 × 50—£950 and in addition there will be F.S.S.U. benefits and family allowances.

The appointment will date from January 1, 1957, or from a date to be arranged. Applications should reach the undersigned, from whom further particulars may be obtained, not later than October 1, 1956.

KENNETH LAWRENCE,
Secretary and Registrar.

EASTERN NIGERIA INFORMATION SERVICE
VACANCY FOR ACCOUNTANT

Applications are invited for appointment as Accountant in the Eastern Nigeria Information Service, Enugu, Eastern Nigeria, which is a statutory corporation.

QUALIFICATIONS: Age limit 25–40. Applicants must be members of the Institute of Chartered Accountants or of the Society of Incorporated Accountants or a body recognised as of equivalent status. In addition, they must have had some years' experience as a qualified accountant with a commercial firm or public body.

TERMS OF APPOINTMENT: On contract for a period of up to four years. Inclusive emoluments according to qualifications and experience between £1,200 and £1,600. Generous leave at the end of 18–24 months and free first-class passages for officer and wife and assisted passages for children. Income tax at local rates. Free medical and dental treatment. Quarters may be provided at a rental of 10 per cent. of basic salary.

METHOD OF APPLICATION: Applications should be addressed to Mr. S. Bayliss Smith, MESSRS. CASSLETON ELLIOTT & CO., 4 & 6 Throgmorton Avenue, London, E.C.2, not later than September 10, 1956.

BOARD OF GOVERNORS
UNITED CARDIFF HOSPITALS

COST ACCOUNTANCY ASSISTANT required to take charge under the supervision of the Finance Officer of the installation and operation of detailed costing records and preparation of departmental cost statements. Applicants should have hospital accountancy experience and/or a sound knowledge of cost accounting methods. Some experience of machine and punch card accountancy will be of value. Salary £605 × 21 to £731 (Grade "E"). Applications giving full details of experience, qualifications and the names of two referees to the House Governor, CARDIFF ROYAL INFIRMARY, not later than September 15.

A LEADING firm of Chartered Accountants have vacancies in their Birmingham office for young newly or partly qualified men. Box No. 372, c/o ACCOUNTANCY.

A NEWLY QUALIFIED ACCOUNTANT is required by a company with Head Offices in Birmingham, operating on a national basis, as an assistant to the Secretary. The job entails streamlining procedures, preparing monthly trading figures in sufficient time to be of use to the management, quarterly balance sheets, installation and maintenance of a branch accounting system, useful statistics. Salary offered according to age and previous experience £500–£700 p.a. This is a progressive vigorous company, that is flexible and demands flexibility. Box No. 393, c/o ACCOUNTANCY.

ACCOUNTANT (Qualified) required by COLONIAL DEVELOPMENT CORPORATION preferably between 35 and 45, experience of Mining Companies accounts essential for service initially in London and later in the Colonies. Pensionable post with starting salary from £1,250 to £1,500 p.a. according to experience. Apply giving full particulars to Personnel, 33 Hill Street, London, W.1, quoting Serial 287.

APPLICANTS with the necessary experience requiring BETTER positions as Senior, Semi-senior and Junior AUDIT CLERKS should contact us. We have a good selection. Other Professional and Commercial posts available. HOLMES BUREAU, 10 Queen Street, E.C.4. City 1978.

AUDIT CLERKS. Many vacancies waiting for Senior, Semi-Senior or Junior. Call BOOTH'S AGENCY, 80 Coleman St., Moorgate, E.C.2.

CHARTERED ACCOUNTANTS require senior staff, recently qualified Chartered or Incorporated Accountants who are interested to extend their experience by undertaking varied work to final draft company accounts, tax computations, and reports on management matters. Starting salary in Birmingham £675. Box 566, MUNDY, GILBERT & TROMAN, 86 New Street, Birmingham 2.

CHIEF ACCOUNTANT. A large Mining Company operating in Upper Burma, climate sub-tropical and healthy, has vacancy for a Chief Accountant preferably with a knowledge of Punch Card accounting methods and practice. Four years' agreement; six months' paid leave of which three months normally permitted after two years; contributory Provident Fund; free passage; partly furnished quarters and medical attention. Salary and allowances aggregate K.2,475 (£185 12s. 6d.) per month. Advise fullest details: family status, education, experience, qualifications and references to Box No. M.374, WILLINGS, 362 Grays Inn Road, London, W.C.1.

EXPERIENCED TAXATION SPECIALISTS required by old-established professional organisation with offices in London. These are responsible positions with good commencing salaries and sound prospects. Applicants should be capable tax practitioners able to supervise small staff. Five day week, pension and bonus schemes. Write giving details of experience and present salary to Box No. 887, REYNELLS, 44 Chancery Lane, W.C.2.

OXFORD Chartered Accountants have vacancies for Senior and Semi-Senior Audit Clerks. Sound varied practice with scope for increasing responsibility. Holiday arrangements respected. Applicants should send brief details of their career and state salary required to WENN, TOWNSEND & CO., 55 Cornmarket Street, Oxford.

PRICE WATERHOUSE & CO., have vacancies in their London office and in their branch offices at Birmingham, Leeds and Manchester, for young qualified accountants who wish to acquire a wide and varied experience; good starting salary and excellent prospects; opportunities to transfer abroad in due course. Write to 3 Frederick's Place, Old Jewry, London, E.C.2.

QUALIFIED ACCOUNTANT required as Assistant to the Accountant of a company forming part of a group of manufacturing and distributing companies situated in South London. There are excellent prospects for the right person who should be aged 25–35 and be either a Chartered or Incorporated Accountant. Factory experience is essential and A.C.W.A. an advantage. Applications should be made in handwriting giving full details of the past history of the applicant together with salaries earned and required to Box No. 397, c/o ACCOUNTANCY.

QUALIFIED ACCOUNTANT required in London (City) practice. Excellent opening for an ambitious man capable of undertaking responsible duties. Salary according to qualifications and experience (Minimum £850). Write fully to Box No. 394, c/o ACCOUNTANCY.

QUALIFIED ACCOUNTANT required within salary limits approximately £750/£1,000 per annum for standard costing and budgetary control covering Coke Ovens and By-Product Plant centred near Chesterfield, Derbyshire.

Application marked C.S.V.32, stating age, education, experience, etc., should be sent not later than the 15th September to the Administrative Officer, NATIONAL COAL BOARD, P.O. Box 16, Chesterfield.

SEMI-SENIOR AUDIT CLERK required by small city firm of Incorporated Accountants. Apply, stating age, experience and salary required, to Box No. 398, c/o ACCOUNTANCY.

THE FATSTOCK MARKETING CORPORATION LTD. requires the services of an assistant accountant at its South Eastern Area Office near Woking. The position will be attractive to a qualified man aged 25–35 with two or three years' commercial experience after qualifying, preferably in produce marketing. The post is permanent, good working conditions, Pension Scheme. Salary according to qualifications and experience. Apply by letter to the Office Manager, F.M.C., Mayford House, Woking, Surrey, giving full particulars and salary required.

THE GENERAL ELECTRIC COMPANY LIMITED require an executive for organisation and methods work at their Head Office in London. The starting salary will be not less than £2,000. Applicants, who should preferably be qualified accountants, must be over thirty and must have commercial experience. Details of experience and qualifications should be submitted to The Secretary, Magnet House, Kingsway, London, W.C.2.

THE INTERNAL AUDIT Department of a substantial commercial organisation wishes to engage a recently qualified Accountant for service overseas. A constructive outlook will be essential to success as the approach to the work will be as an aid to management which should lead to promotion within the Group.

The commencing salary will be £1,150 per annum with furnished accommodation provided and allowances for wife and children. Service will be in West Africa and first class passages to and from will include the family.

Write to Box No. 396, c/o ACCOUNTANCY.

VACANCIES available for qualified Accountants in South America, West Indies, Rhodesia, Kenya, Far East and the Continent. Call BOOTH'S AGENCY, 80 Coleman St., Moorgate, E.C.2.

APPOINTMENTS REQUIRED

AVAIL yourselves of our services in filling your Staff Vacancies—COMMERCIAL or PROFESSIONAL. Selected Applicants only. HOLMES BUREAU, 10 Queen Street, E.C.4. City 1978.

YOUNG MAN, age 23, requires position Birmingham area, as bye-law student. Year audit experience, exempt preliminary. Reasonable salary required. Box No. 395, c/o ACCOUNTANCY.

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